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SEPTEMBER 17, 1930

THE BUSINESS WEEK

THE UNIVERSITY CLUB
SEP 13 1930
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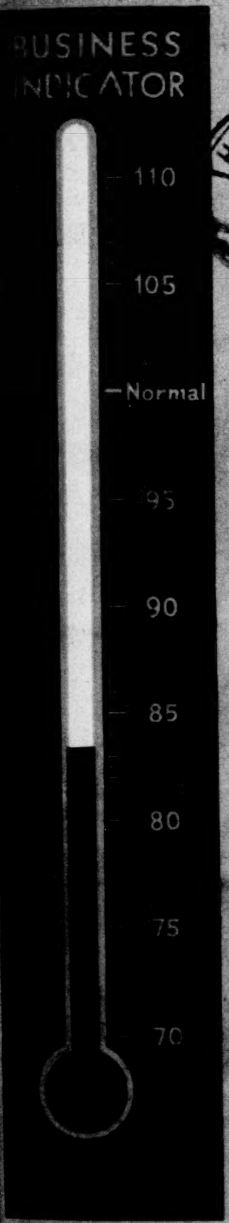


The marked lull in business activity this year at the end of August and the beginning of September has been followed by a general freshening of business sentiment as signs of seasonal improvement accumulate. . . . . Lengthened plant holidays and deferred check payments in the fortnight including Labor Day dropped our index to 83.5% of normal (see pp. 39-40) despite evidence that business recovery, beginning as usual with the basic industries and primary distribution, is proceeding normally in response to seasonal stimulus. . . . . Coal and electric power production are increasing, steel output is being maintained, carloadings are rising. Expansion of commercial loans and currency circulation indicate a rising volume of wholesale and retail trade as the fall buying movement gets under way. . . . . Business is beginning to feel better than it looks, but is still stymied by undue caution in making forward commitments, which is keeping working supplies of raw materials and retail stocks of finished goods below normal requirements and consumer standards. . . . . If business initiative and Federal Reserve policy will take their foot off the brake and step on the gas at this time we can turn the corner without much danger of skidding.

15 CENTS McGRAW-HILL PUBLISHING CO., INC.

McCaskey Production Control Board in use by Vaughan & Bushnell Mfg. Co., Chicago, manufacturers of building hardware.

MATERIAL TRANSFER
TO DEPT. NO.
TO PROD. ORDER
FROM DEPT. NO.
FROM PROD. ORDER
DATE
PART NO.
NAME OF PART
DWG. NO.
OP. NO.
LAST OPERATION
NEXT OPERATION
QUANTITY
PREVIOUS TOTAL
THIS ISSUE
TOTAL TO DATE
DELIVERED BY
ORIG. COPY TO CONTROL
P 208

Look what "One Writing" does for Vaughan & Bushnell!

In summing up the advantages shown at right, Vaughan & Bushnell Mfg. Co., Chicago, says, "The McCaskey System has repaid its cost several times in two years' use, *yet it requires no more clerical effort than the old method.*" If you could multiply yourself a thousand times and watch each operation yourself, you could learn no more than these records deliver to your desk—*automatically.* The foremost firms in America testify to the ability of McCaskey "One-Writing" Systems to regulate production, eliminate waste, watch costs, check supplies, trace orders, speed-up turnover, and *cut costs.* Ask us for the proof—today.

The McCaskey Register Co.

Industrial Division 9090 Alliance, Ohio
Galt, Canada Watford, England

McCASKEY
ONE WRITING
SYSTEMS

for

Perpetual Inventory
Single and Dual Control
Production Control
Machine Control
Process Inventory
Cost and Payroll Records
Order Control
Planning, Routing and Dispatching
Tool Check and Tool Investment Control

Gives Complete Record of Every Order Every Hour of the Day

"On the McCaskey Production Board we have a record of each order, showing operation, article, operator's name and number, start and finish time, number of pieces completed, standard cost per hundred. The System enables us to answer instantly customer's inquiries as to progress of orders, simply by glancing at the production board. Formerly we had to hunt up the foreman in the shop and look up each order."

Gives Labor Costs for both Piece and Day Work

"A copy of the above record goes to the payroll clerk. Most of our operations are on piece work, yet the operator must account for all time; so for day work a buff McCaskey slip similar to the regular white piece work slip is written up. The payroll clerk easily sorts the slips for the proper distribution of cost."

Gives Operator Undebatable Record

"A *third* copy of the order operations goes to the operator himself, giving him his own record of work done and pay to be received. This feature alone of a McCaskey System saves a great deal of argument, prevents friction and creates good-will among employees. Especially this is true where production is on a piece work basis. The employee's record is an exact duplicate of the order record; there can be no cause for argument."

In Inventory—Saves 384 Man-Hours A Year

"It used to take 7 foremen and 2 clerks half a day to take our monthly inventory. With the McCaskey System, 2 clerks get the information from the stock slips in 2 hours—thus saving 384 man-hours a year!"

McCASKEY

THE BUSINESS WEEK (with which is combined The Magazine of Business) Sept. 17, 1930. No. 54. Published weekly by McGraw-Hill Publishing Company, Inc., Tenth Avenue at Thirty-Sixth Street, New York, N. Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; C. H. Thompson, Secretary. $5.00 per year, 15c per copy. Entered as second-class matter February 15, 1930, at the Post Office at New York, N. Y., under the act of March 3, 1879. Printed in U. S. A. Copyright 1930 by McGraw-Hill Publishing Company, Inc.

What's In This Issue —And Why

Buying Raw Materials

LEADERS of key industries have begun accumulating stocks of raw commodities; believe prices are at bottom and money better invested thus than out at low interest rates. *(page 5)*

Hand Starves Mouth

MANUFACTURERS, wholesalers, retailers have carried hand-to-mouth buying so far that renewed public buying starts a frantic scramble for spot deliveries. *(page 5)*

Bear Hunt

WHEAT and cotton prices look too low, in view of the world situation. *(page 11)*

Bears have too great advantage in wheat markets; rules to give bulls a chance are discussed by Chicago Board of Trade and Secretary Hyde. *(page 12)*

Group Banking

ILLINOIS banks cling determinedly to independence; but meet to see whether they cannot get some of group banking advantages by cooperation. *(page 18)*

Bank of Italy and Bank of America merge, creating nation's fourth largest bank, held by Transamerica Corporation—which isn't a bank and so revives agitation against vast banking power free of bank supervision. *(page 18)*

Buy at Home

BRIAND at Geneva is patiently maneuvering Europe into something which looks suspiciously like one of America's pet devices, a Buy-at-Home Club. *(page 28)*

Trucks

LIGHT motor truck sales are improving; demand comes from construction jobs and from rural areas. Ford develops an interesting sales idea; supplies exhibition space for body makers. *(page 9)*

Canada

AUTOMOBILE duties will be assessed on list price, not wholesale price, under new Canadian legislation; textiles, farm machinery, steel products also get higher protection. *(page 14)*

Packaged Lumber

WEYERHAUSER packages lumber, lifts it from raw commodity to branded goods class; succeeds; now is enlarging line. *(page 10)*

Bikes

BICYCLE manufacturers are having their biggest year since 1910; don't know just why; suspect it is economy, also parking problems. *(page 10)*

Interest

IN a year of falling interest rates, mutual savings banks have increased rate paid depositors—reasons, good yield on bonds, good yield on mortgages. *(page 18)*

Tangled Talkies

INTERLACING strands of financial and legal control, patent agreements, trade understandings, weave an international pattern in the talkie industry, unrivalled for intricacy. *(pages 22-23)*

Match Wits

IVAR KREUGER takes the helm of the Ericsson Telephone Co.; now I. T. & T. must match wits with the match king. *(page 29)*

Argentina

IRIGOYEN'S downfall was due largely to blocking economic progress; business will be better under the new government. *(page 31)*

Unemployment Insurance

AMERICAN Federation of Labor announces opposition to governmental unemployment insurance. This startles politicians, but is consistent with A. F. of L. policy of distrust of paternalism. *(page 24)*

British labor unions also are beginning to foresee their doom if state socialism goes farther; the issue was acute at this week's Union Congress. *(page 26)*

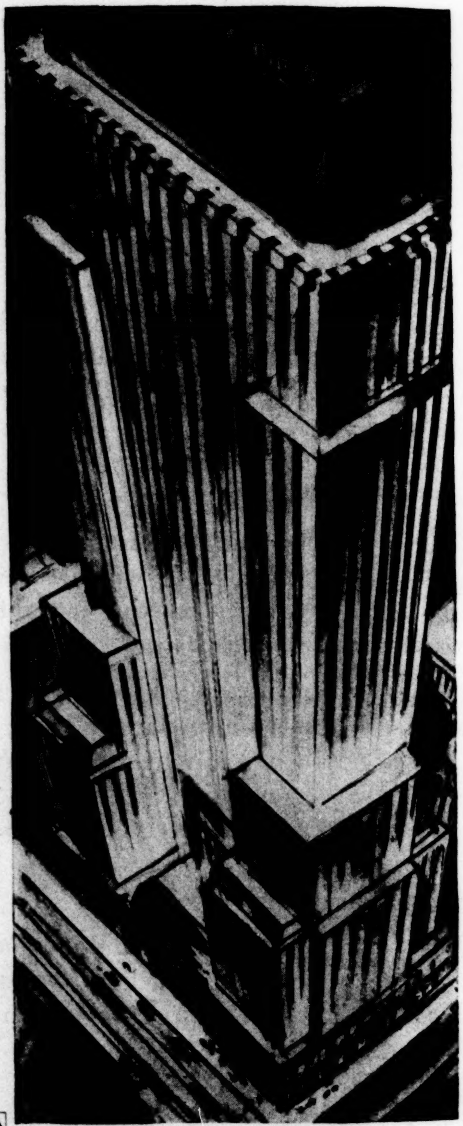
Made of Alcoa Aluminum, these main entrance doors are many pounds lighter.

Wrought of Alcoa Aluminum, this fence and stair rail blend into modern interior design.

Made from extruded Alcoa Aluminum that will not rust, these window mullions and cover mouldings prevent the windows from sticking and jamming.

These cast Alcoa Aluminum spandrels were beautifully finished by deplating and polishing.

Alcoa Aluminum used in many ways in the construction of modern buildings



Blending into the color scheme of modern architecture, millions of pounds of Alcoa Aluminum Alloys are being used in the building field. It weighs only 1/3 as much as other commonly used metals, yet it is equally as strong.

Everyone can see the common sense of this use for Alcoa Aluminum. It answers the strength requirements, it resists corrosion, will not stain adjoining surfaces, and has a long life. Architectural aluminum is wrought, forged, cast, extruded, drawn, and stamped. When 2/3 of the weight of windows, doors, stair rails, fences, spandrels, ventilators, radiator grilles, and dozens of other building products, can be saved, they are easier to handle, cheaper to ship, truck, and erect. And moreover, products made of these light strong Alloys of Alcoa Aluminum can be bought at prices that compare favorably with those charged for the same products made of other metals.

Shrinking dead-weight to a shadow, carrying loads capably, the light, strong Alloys of Alcoa Aluminum are relieving industry of most of weight's burden. These Alloys can be cast so true, in sand, permanent molds or dies, that machining is seldom necessary. Pressed parts can be easily fabricated of these Alloys with an assurance of high over-all strength, and no thin or weak spots. Forgings of Alcoa Aluminum Alloys combine lightness with maximum strength—up to 55,000 lbs. per square inch minimum.

Parts made of Alcoa Aluminum do not rust. They are fabricated on standard metal-working equipment. They take a high polish, a feature that often saves expensive plating. They may also be etched or given a number of pleasing finishes.

Examine your products with the tremendous weight-saving, strength-retaining features of Alcoa Aluminum Alloys in mind. Our nearest office will be glad to tell you whether your product could use these Alloys in Cast, Pressed, Stamped, Spun, Drawn, Extruded, Rolled or Forged form. Address ALUMINUM COMPANY of AMERICA; 2405 Oliver Building, PITTSBURGH, PENNSYLVANIA.

ALCOA ALUMINUM

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending September 13, 1930

Leading Industries Begin Accumulating Raw Materials

Believe Bottom Prices Reached, Money Better Invested in Commodities Than Out at Low Rates

HEADS of large corporations are convinced prices of raw materials are on bottom, believe this is the time to buy stocks for future manufacture. Money is better invested in commodities at present levels, they believe, than lying in banks at 2%.

They are making no public statements about it, but they are buying.

Reasons for reticence are obvious—desire to get the jump on competitors, desire to avoid discussion with stockholders, dread of importunate salesmen, care not to disturb markets.

In confidence, however, industrial executives reply to questions from *The Business Week,* "Yes, we are buying stocks of materials."

Buying of copper by three of its largest users is heavy. Copper producers will not take orders for long-deferred deliveries at present prices. Big consumers customarily prefer to contract for tonnage, the shapes and sizes to be specified later, and delivery dates spread over a year. Unable to get such terms, they are accumulating stocks of standard shapes and sizes.

One large copper user is buying two years' supplies, not only of that metal, but of other basic materials.

Fabricators of copper also are laying up stocks, believing the metal a good investment. Copper wire and cable mills are particularly active, but of course are bolstered by good demand from the utilities, having a good year.

The steel industry notices some buying of alloys, and of sheet steel. Fabricated structural steel holds up fairly well, but naturally it isn't the kind of thing that can be stocked for future use.

Colgate-Palmolive-Peet announced "the company has contracted to cover requirements of its most important raw materials for many months ahead."

Another big manufacturer of soap and other products is reported in the chemical trade to have contracted for two years' supply of raw materials.

Paint manufacturers have been buying linseed oil heavily, and this week have taken unusually large shipments of turpentine.

Linoleum and oil cloth manufacturers are buying linseed oil in large volume.

Governor Kohler, plumbing supply manufacturer, revealed recently, replying to a political critic, that he not only has been accumulating raw material inventory, but also has built up a considerable inventory of finished goods.

Other manufacturers of importance, responding to telegraphic inquiry, tell *The Business Week* they are doing the same; will not be quoted.

Buying of raw materials is not the same thing as booking orders for finished goods. Its importance at this moment, however, cannot be overestimated. Basic commodities are the key log; movement there will break the jam. Buyers are hesitant in a falling market. They wait for bottom. When they buy, it is both a signal, and an actual force renewing the cycle of business activity.

Retailers and Wholesalers Feel First Effects of New Buying

RETAILERS and wholesalers are reporting definite signs of progress toward resumption of normal consumer buying. Even in lines where this has not been felt directly or at all there is clearly traceable a much improved state of mind, less doubt—more hope, less resignation—more fighting spirit.

Most retailers welcome the increased activity of the buying public, but, skeptical as to its lasting qualities, replace depleted stocks with hesitancy, buy cautiously, in small quantities and often, but—at least they are buying.

Wholesalers reflect the practice of the retailer, and are holding commitments to spot or 30-day requirements in order to remain flexible, prevent overstocks, hold down possible credit losses.

Evidence is accumulating to show that many manufacturers, wholesalers, retailers, successful survivors of the business recession, are emerging with a new and better knowledge of fundamentals, probably well paid for, now being rigidly applied. This is particularly evident in credit practice. Undoubtedly inspired by losses still fresh in their minds, shrinkages of inventories, reduction of borrowing lines and calling of loans by banks, credit men show surprisingly firm resistance, scrutinize financial statements, limit customers' purchases, insist on definite commitments to scheduled payment, turn down doubtful or questionable accounts.

While this tendency will no doubt promote credit stability, it is another factor preventing accurate appraisal of the actual improvement in business now in progress. This is particularly true in lines where the prices on basic raw materials have seen tremendous declines, as with rubber, cotton, silk, wool, and have made buyers wonder whether bottom has been reached.

Louis Surut, president, Woolen Corporation of America, woolen goods distributors, reports August business over 15% ahead of July, sales in yardage substantially higher than in 1929 with dollar volume slightly lower. He states that character of buying is being rapidly changed with consideration of spot delivery often having preference over price; that future delivery orders are a thing of the past; feels that transition from long credit to what practically amounts to cash buying will be beneficial.

The textile industry as a whole has so much ground to gain back that improvement, now evident in some branches, must become more general before feeling will be much improved. However, satisfactory buying of carded broadcloth, sheets, pillow cases, certain rayons, gray goods, denims, etc., has encouraged many.

Hunter Mfg. & Commission Co. reports business for the last week of August largest since March with the first week of September up an additional 20% and inquiries coming in well—most of them for September and October delivery. And this company made price increases on its entire line of cotton goods effective Sept. 8.

Better Replacement Orders

Wholesalers in some other lines—hardware, electrical, plumbing—report practically no improvement from low levels, due probably to the fact that building operations are not increasing; but retailers are coming into the market with better-size replacement orders.

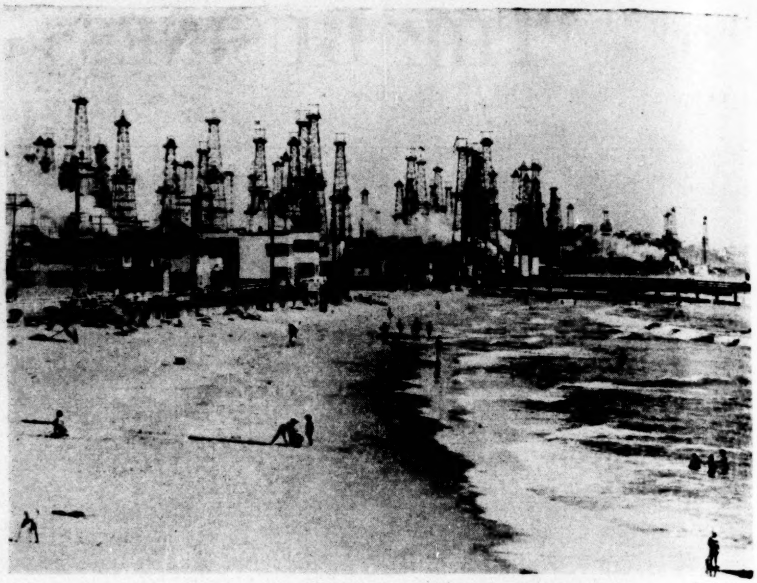
Though Federal Reserve compilations put August department store sales 11% below the 1929 level, some of the individual department and chain store reports for the month were good. F. W. Woolworth & Co. reports the week of Aug. 9 as the turning point, every week since then having shown substantial gains—$1,266,875 for the last 3 weeks of August

Best & Co. maintained through August a steady rate of increase, 7.9% for the month, making the average for the year 7.4%.

R. H. Macy & Co. is keeping up the pace—11% greater volume and 8% better profits in August; reports September bringing particularly marked improvement in public buying.

Amongst the 5, 10, 25¢ to $1 stores, W. T. Grant shows August sales 6.2% better than last year, 10.2% better for the first 8 months. Profits, during 6 months ended July 31, 1930, increased 12.6% over the same period of 1929.

Tabulation of the performances of 40 chain store organizations during August shows that 24 made fair-to-substantial sales gains over July, while 15 made increases over August, 1929, ranging from 1.2% upward, the largest, 30.9%, being recorded by Lerner Stores.



Wide World

ONE MONTH'S DRILLING

The bathing beach at Venice, California, has become an oil field. All of the rigs in this picture have been erected within a month

Childs Brand Foods Sold in Restaurants

SATISFIED with results of experimental marketing of certain food items, intent on increasing sales through present facilities, capitalizing popularity of its name with a large public, Childs, Inc., operator of a countrywide chain of 114 restaurants, creates a department of miscellaneous sales to build up volume on food and allied products to be sold under the Childs brand, engages Henry J. Cadle, former president of Belle Meade Sweets, Inc., to manage it.

Instant popularity of coffee, blended and roasted under Childs supervision, packed in air-tight tin containers, led to the addition of candy, quickly followed by tea, both coffee and tea being the identical blends served in Childs restaurants. Cigars, cigarettes, privately branded also, and certain bakery products have sold well.

Now the line is being extended; baked beans, mayonnaise, marmalade, mint jelly, prepared and packed in Childs kitchens, are about to be introduced, to be followed by other items as rapidly as production facilities can be created.

At present it is the intention to market these products only through the restaurants; it is not unlikely, however, that they may be offered to the trade, particularly if competition with the restaurant field through meal-serving soda fountains in drug-stores, 5 & 10¢ stores, grocery stores should continue to grow.

To meet this situation Childs already has installed soda fountains in several restaurants, eventually will probably have fountains operating in each of them.

Majestic Refrigerator Will Sell Above $150

GRIGSBY-GRUNOW'S Majestic electric refrigerator, which resembles the Model-A Ford in the length of time it has been awaited, was seen by a representative of *The Business Week* this week It looks like a radio—somewhat higher, thicker, and white Where the dial button of a radio would be is a similar cold-control button.

The refrigerator will sell above $150. Dealers' commissions will be higher than the 20 to 30% now usually paid, but somewhat under 40%. Production is under way. Samples are in the hands of distributors.

A compact refrigerating unit is above, enclosed under a bevel-edged lid. As in the Majestic radio, principal parts of the unit are each enclosed in a small metal box, which may be removed and replaced if necessary. In the forward right corner is what looks like a rubber basket-ball. This is the compressor, sealed in oil, as is General Electric's, mounted on springs and covered with rubber to deaden noise and insulate. Like Frigidaire, but unlike G.E., there is a fan to bring in air. This comes from the floor of the room, through a channel up the back of the box.

Refrigerating space is 5 cubic feet—84 ice cubes. Insulation is 3 inches thick. Sulphur dioxide is used as refrigerant. The box sits about 5 inches off the floor, on legs

Hosiery Industry Goes Co-op; To Try National Exchange Plan

REALIZING that order can come out of chaos only through organized coordination of effort, the hosiery industry, involving 300 mills and a $300 million output, creates the Full Fashioned Hosiery Exchange, engages Julian Armstrong as director, opens offices in Chicago, starts operations under the guidance of a committee of prominent men, including President Ferdinand Thorn of Berkshire Knitting Mills as chairman, President William Meyer of Apex Hosiery Co. as president, Gustave C. Aberle of H. C. Aberle Co. as treasurer, and representation from important hosiery centers such as Milwaukee (Holeproof Hosiery Co.), New York (J. Kayser & Co.), Greensboro, N. C. (Mock, Judson & Voehringer), Rossville, Ga. (Richmond Hosiery Co.)

The exchange schedules for immediate attention creation of definite standards of manufacturing, trade practices, credit terms, ethics; a clearing house for publicity and marketing; improving quality of product, packing, budgeting, selling methods.

For administrative purposes the country has been divided into 6 territories, each in charge of a chairman who is also vice-president of the national exchange. Functional sections of the exchange organization will look after problems of machine equipment, yarn standards, dyes, financial matters.

Executives who actively promoted organization of the exchange feel it has a great opportunity to rescue the hosiery industry from utter demoralization. In 8 years production capacity increased 5 times faster than consumption, partly due to long-term selling of machine equipment by foreign manufacturers.

Of 14,000 machines now in operation, half are concentrated in 12 manufacturing units, 300 small plants accounting for the other half, and the latter are reported chiefly responsible for much of the present chaos. Lack of sufficient financing, proper selling policies, sales organization, caused many small mills practically to dump their stocks at whatever price they could obtain. Many failed for lack of ready cash; others inevitably will fail before conditions can be expected to improve.

Amtorg

COLONEL HUGH L. COOPER

One of the more prominent New York-to-Russia commuters is shown on the job in the Ukraine. He supervises the construction of the $110,000,000 Dnieper River power project

Sales Strategy Revealed In New Advertisements

BELL TELEPHONE SYSTEM knows that when orders drop off, as they have for so many companies this year, profits are reduced and expenses must be cut; if sales expenditures are slashed, sales effort may be relaxed and orders drop still further. How to break the vicious circle is the big question of these selling times. Bell answers with a comprehensive plan of telephone selling from given "key towns" to cut costs by enabling salesmen to reach the same number of customers at less time, effort, and traveling expense.

THE B. & O. RAILROAD finds that bus, airplane, and private car transportation have stolen many of the stock sales appeals of the railroad—among them, low cost and high speed. But the railroad can still out-talk its rival on comfort, convenience, luxury, safety. B. & O. carries the current leading arguments a step further; announces that its 70,000 employees are specifically instructed to cater to the comfort and safety of women (40% of its passenger traffic) and children—classes most responsive to these particular appeals.

GRAPE NUTS has faced the fact that so many food products are now going into packages so fast that old-timers must fight desperately for visibility on the retailers' shelves. Deciding for visibility against familiarity, General Foods Corp. announces its veteran cereal in a new package with different color scheme, changed typography, offering more contrast with its shelf neighbors.

GENERAL ELECTRIC CO., having established a market staple and sold everybody on its value for ordinary use, sees that the next smart thing to do is to find a luxury market for it and adapt it to unusual uses. So G. E. is now endeavoring to multiply Mazda lamp buyers by offering a line of vari-colored, vari-shaped bulbs for decorative effects, painting with light, bringing summer colors into wintry-looking homes. At the same time, it is abandoning its multiplicity of brands, concentrating on the single GE monogram for identification purposes.

Libby, McNeill & Libby recognizes that quick-frozen vegetables, cold-packed berries are giving the canners something to think about. Thinking against its new competitors, this canner is swiftly broadening its line, adds peas, corn, stringless beans to its canned foods, reaches for the fresh-vegetable demand by announcing that these items are packed garden-fresh where they grow.

Kroger Puts Magazines In Grocery Stores

Kroger Grocery & Baking Co. adds to an already much diversified line the *Saturday Evening Post* and *Ladies Home Journal*.

Until fully tried only the Kroger stores in Cincinnati, Pittsburgh, Cleveland, and Detroit will sell those magazines, especially wrapped with the Kroger name on the wrapper. All stores will sell magazines if the experiment proves successful, and other magazines may be added.

Linoleum Prices Slip On Low-Cost Raw Materials

With lower linseed prices effective Oct. 1, cork already far below last year's high, makers of hard-surface floor covering are rapidly falling in line behind the Congoleum-Nairn lead in price reductions announced Sept. 8.

Denying any unsettlement state or over-production, they give lower costs, particularly of linseed oil, as the reason. High prices of 1929 prompted Argentine planters of flaxseed to increase acreage, create an oversupply in 1930, force substantial decline in prices.

Congoleum-Nairn, Inc. price reductions range from 5% to 17½%. W. & J. Sloane cut battleship, plain and jaspe linoleum by 17½% and inlaid grades 6% to 9%.

Since then, Armstrong Cork Co. flooring division has brought linoleum prices back to the 1928 level, also reducing standard felt base rugs by 10%.

Blabon-Sandura, Inc. leaves felt base goods unchanged but cuts linoleum 6% to 10% and plain numbers 15%.

Ordinary numbers of the Certainteed Products Corp. are reduced about 16% f.o.b. Trenton, Philadelphia, or New York, and inlaids are down 9%. Heavy types of running patterns are 13% lower and heavy rugs 16%.

Bird & Son cut felt base numbers 10% while reductions on regular lines are still confined to a few specific numbers.

It is felt in the industry that these reductions announced on goods already manufactured and before lower linseed oil costs can apply to production will serve to save the industry from much uncertainty as to how far price recessions may go, will stimulate confidence that present reductions are final — particularly helpful in view of increased public buying and better trade outlook.

Baltimore Finds Jobs For Men Over 40

What to do with men over 40 in industry gets a partial answer in Baltimore with the announcement this week by the Oil Trade Association, an organization of large oil companies in the district employing several hundred men, that its members will give preference to men between the ages of 40 and 45 for positions in service stations, plants, and truck operations.

The action came as the result of efforts by the Baltimore Association of Commerce which is studying ways of finding employment for men between the ages of 40 and 60.

Indian Mills Merge To Fight Japanese

By Special Cable to The Business Week

C. C. Entwistle of the firm of Airey, Entwistle & Co., valuers, of Manchester, sails next week to value Bombay mills for Sir Ness Wadia preparatory to a big merger along the lines of the Lancashire Cotton Corp. Mr. Entwistle pointed out to *The Business Week* that the merger is not intended to fight Lancashire interests, but Japan, which now buys Indian cotton, transports it to Japan, and ships it back cheaper than Bombay can produce.

Wide World

James D. Mooney

The vice-president of General Motors Corporation and president of General Motors Export Company arrives at Bremerhaven for his annual inspection of General Motors' 10 branch plants in Europe. From Paris headquarters he will visit Germany, England, Sweden, Denmark, Poland, Belgium and Spain

In Lancashire itself, the cotton corporation has developed a coarse fabric yarn on a cheap basis which is directed at Japanese competition and is offered freely to all Lancashire manufacturers. The yarn has been produced by the corporation looms with excellent results after many experiments, and many manufacturers are now trying out a particular type of coarse fabric made possible for the Far Eastern market. Production of this yarn is taken by England as a welcome sign that the corporation is not neglecting the technical job of attacking markets in the welter of financial squabbles surrounding it. Although several mills have closed down during the past week, this must not be construed as a sign of increased distress but as a token of progress in Lancashire rationalization whereby uneconomic mills will give place to the corporation's new arrangements.

A further sign of Lancashire's coming revival is seen in the production this week of a regional road- and town-planning scheme based on Port Liverpool, taking in southwest Lancashire, the richest coal and cotton territory.

Pick-up in Truck Sales Encourages Motor Industry

AUTOMOBILE manufacturers are watching, and doing all they can to help along, the current pick-up in truck sales. This has come with new construction projects now under way in many parts of the country and with a growing demand for light trucks in rural districts. It was made evident back in the July truck figures which ran 33⅓% ahead of those for June, with some manufacturers even showing slight gains over July, 1929.

Chevrolet, which has turned out 1,170,000 commercial cars since 1916, reports that production of light delivery trucks for the first 6 months of 1930 showed a 20% increase over that for the same period last year—27,236 as against 22,613. General Motors Truck Co. is now employing 3,976 men 6 days a week as compared with 3,154 a year ago.

New models have helped to stimulate demand. Ford has brought out 5 new dump-body trucks; Dodge a new line of 6 school buses; General Motors a new Yellow cab at reduced prices, powered by the Buick-6 engine, of which G. M. took over the surplus when Buick switched to an 8 and which it will continue to make for G.M.C. trucks, coaches, and cabs.

Ford has figured a new way of going after this truck business, is converting his spare buildings in various cities into permanent truck assembly and display quarters. Body manufacturers are cooperating so that Ford trucks may be shown in each display carrying all available types of bodies. Exhibits have already been established in New York, Philadelphia, Boston, and Detroit. When the new Ford assembly plant in Buffalo is completed, the old one will probably be used for display purposes.

By slackening production, concentrating on sales, the automotive industry as a whole has brought its new car stocks to their lowest point this year—from 417,000 to 350,000 in the last 2 months, say the estimates.

July production, which due to the wholesale "vacation-inventory" shutdowns was approximately 275,000 cars and trucks (U. S. and Canada), is said to have been 35,000 less than sales for the same period. General Motors alone reported that deliveries to consumers during July exceeded factory shipments by 10,000 units.

Radio Factories Busy Stocking Their Dealers

RADIO manufacturers are employing men, speeding up production. Their job just now is to stock dealers, which, in the case of the larger companies, calls for a considerable output.

New models were announced late. Factories had 60 days in which to make deliveries if the public is to find stock on retailers' floors this fall.

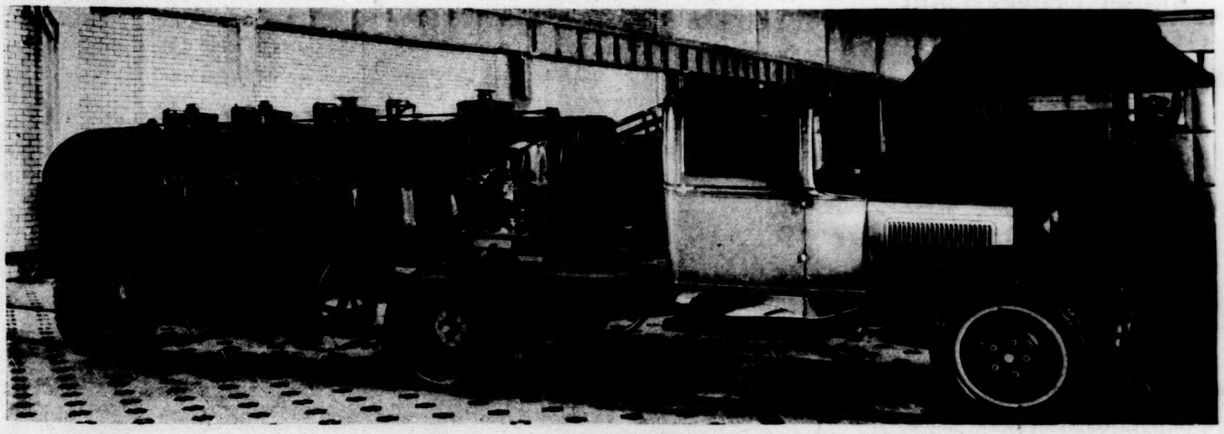
Good effect of increased employment will be felt in the neighborhood of factories. It is too early, however, to tell whether reorders will develop sustained production—in simpler words, whether dealers can sell the stock they have ordered.

Phonograph Records Sold By New Distribution Plan

SENSING a big opportunity in the still existing public desire for a controllable musical diet—not now supplied by radio—the Durium Products Corp. of New York offers a new type phonograph record, and, starting from scratch, has, in 2 months, built a national distribution with a weekly circulation of 500,000 records. While this is happening, Victor Talking Machine Co. is relegating phonograph record production to the background, going in for radio; Edison, inventor of the phonograph, is discontinuing both phonograph and record production as unprofitable.

The company's "hit-of-the-week records" employ a previously unknown plastic, durium. Thinly applied on a fiber base, it makes possible records that are practically unbreakable, that reproduce with unusual tone quality, are not damaged by repeated use and can be turned out 100 times faster than the old type, thus permitting low-cost mass production. They retail for 15¢. Three popular theatrical men act as the jury of selection; reproducing rights are secured from the copyright owners of each song.

Under the durium distribution plan, a new popular number is released each



SHOWROOMS FOR FORD TRUCKS

With truck business looking up, Ford has opened up permanent exhibits in his own buildings in several cities. The commercial chassis is shown in various combinations with special bodies. Outside body-makers also participate. This tank trailer is one of the exhibits in the power house of the Highland Park plant

Friday through about 1,000 wholesale magazine distributors, who place new records on over 60,000 newsstands each week. Retailers receive 3¢ per record profit; display material is furnished free; records unsold may be returned for full credit within 30 days after withdrawal notice. Dealers report much public interest and good sales, some of them selling out first supplies within 24 hours.

Distributors' War Lowers New York Gasoline Prices

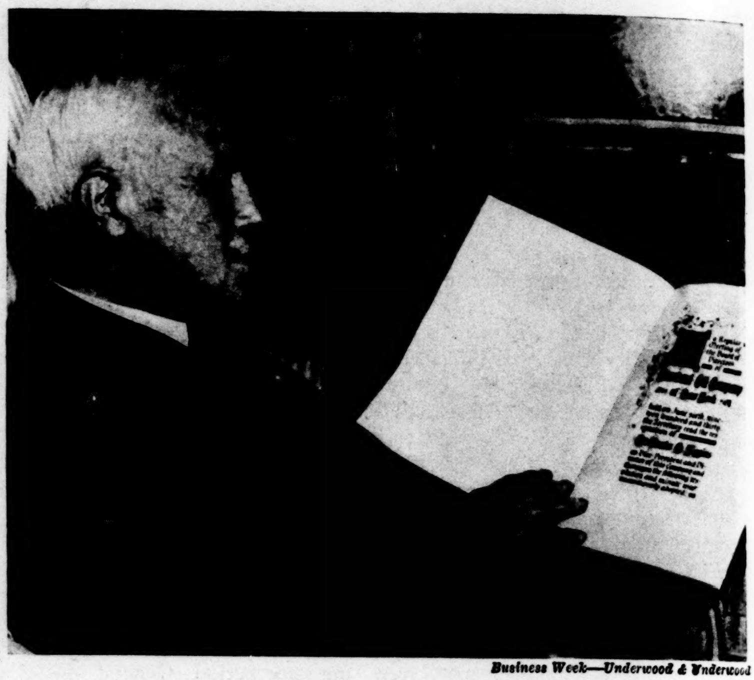
Reduction of gasoline prices this week by 1 to 2 cents a gallon in Greater New York, parts of adjacent Westchester County, and Long Island, brought to the surface local competitive conditions in which are involved the Standard Oil Co. of N. Y. (which began the reduction), Sinclair Consolidated Oil Corp., the Texas Co., Richfield Oil Co., Shell Eastern Petroleum Products, Inc., Tidewater Associated Oil Co., Gulf Oil Corp., and the Colonial Beacon Oil Co. Refinery prices, which are the lowest for several years, permitted "independent" distributors to sell below the stated prices of the large concerns. Subsurface price-cutting has been going on in the metropolitan district for some time, finally forcing Standard of New York to meet the attack.

Gasoline in Greater New York now costs 14.3 cents a gallon (tank wagon price) including the 2-cent state tax. Indications are that similar price reductions will also be made in neighboring districts in view of the fact that the motoring "season" is closing.

Lumber Proves Value Of Packaged Distribution

The success which lumber has met as packaged goods is confirmed by the announcement by Weyerhauser Forest Products, of its new line of "4-Square" lumber, packaged, branded, guaranteed.

Builders, carpenters, home-owners, instead of being forced to accept and pay for mill-run, variously graded, often inferior quality lumber, in assorted lengths, can buy at an increase of from 5 to 10% in price over the ordinary kind this uniformly graded, square-ended, seasoned lumber, packaged in quantities convenient for handling with each piece cut to an exact length.



Business Week—Underwood & Underwood

Charles M. Higgins

The vice-president and director of Standard Oil retires after 58 years of uninterrupted service. He was John D. Rockefeller's first office boy

Weyerhauser has now made 10 of the shapes most popular for home building in this new manner, and each shape is stocked in lengths of 6, 8, 10, 12, 14, or 16 feet. Ends are protected by heavy cardboard covers; the label specifies kind of wood, shape, length of contents. Mouldings come in full-length cartons.

Eliminating all wholesalers and brokers, Weyerhauser sells direct to authorized dealers who buy the products f.o.b. Spokane, Wash. Sales are reported much better than anticipated, the idea of definitely standardized lumber apparently appealing to both builder and owner. Possibilities of substantial savings in labor are foreseen. Knowledge that he can get fixed supply in exact length will enable the builder to adapt his layout to the use of the ready-cut sizes, eliminate extra sawing and fitting on the job, insure clients a definite specifiable grade of lumber of uniform quality.

Bicycles, Like History, Threaten to Repeat

Busily engaged in wrestling with the largest business volume of two decades, cycle manufacturers advance interesting arguments in support of the theory that bicycles are about to stage a real comeback. At the recent convention of cycle manufacturers it was reported that not since 1910 have bicycles sold as readily, have dealers placed repeat orders as frequently, have manufacturers increased production schedules as liberally.

It is recalled that the year 1910 marked also the first definite break in the status of the automobile as a plaything of the rich. Ford had already been in production with a low-priced car, angular, noisy, pump-in-radiator. Hugh Chalmers came out in 1909-1910 with a good-looking automobile at $1500. Oakland had a good car for $1000. R. C. Hupp announced the world's first Hupmobile at $750.

The advent of low-priced cars brought prospective cycle buyers hopes of soon achieving a gas buggy and started bicycle manufacturing on the toboggan. But some of the 1930 prospects are remembering that, in spite of low-cost tires and accessories, automobile transportation costs more than any other form excepting flying; that roads are infinitely better than they used to be; that there is no parking problem with a bicycle. Wage-earners, office workers are figuring that they can effect substantial savings by using a bicycle.

Recognizing the importance of mail order houses and chain stores as outlets, cycle manufacturers have declared that these types of buyers should be classed as jobbers, but should receive no special advantages over independents.

Revival of interest in the industry is further indicated by the decision to have a mid-winter show.

Wheat and Cotton Prices Low In Face of Many Bull Factors

World Situation Not Enough Different To Justify Present Levels of Either Commodity

THE September official crop estimates contained no surprises for the markets except in cotton. The corn estimate was cut 230 million bushels under that of Aug. 1, indicating the continued but moderate effect of the drought during that month. This decrease was less than the private estimates forecast, but at 1,982 million bushels the corn crop will be the smallest since 1901. The wheat estimate was raised by 16 million bushels, bringing the total to 837 million bushels, which is 31 million above last year's harvest.

The grain market has moved within a narrow range during the past week with no signs of strength. It is evident that the market has very inadequate information upon which to judge the world situation with regard to prospective supply and demand and is dominated mainly by the general business bearishness. Estimates of world wheat supplies, requirements, and carryovers are confusing and conflicting. It is fairly clear, however, that the world situation is not sufficiently different now from what it was the last few years to justify the present level of wheat prices.

Market Ignores Drought

The effect of the drought upon the domestic wheat situation is the only new feature, but the market still ignores it. Although the Farm Board refuses to be bullish on wheat in view of its hope of reducing wheat acreage, Secretary Hyde last week said that our total grain crop this year may turn out to be on a domestic basis with no surplus for export. A census of available livestock feed supplies based on 120,000 questionnaires sent out in August indicates that the total grain surplus will be necessary and will probably be used at home this year, judging by the average consumption of grain and hay during the past five years and the number of livestock on farms. If this is true a very marked rise in wheat prices would be almost certain during the winter.

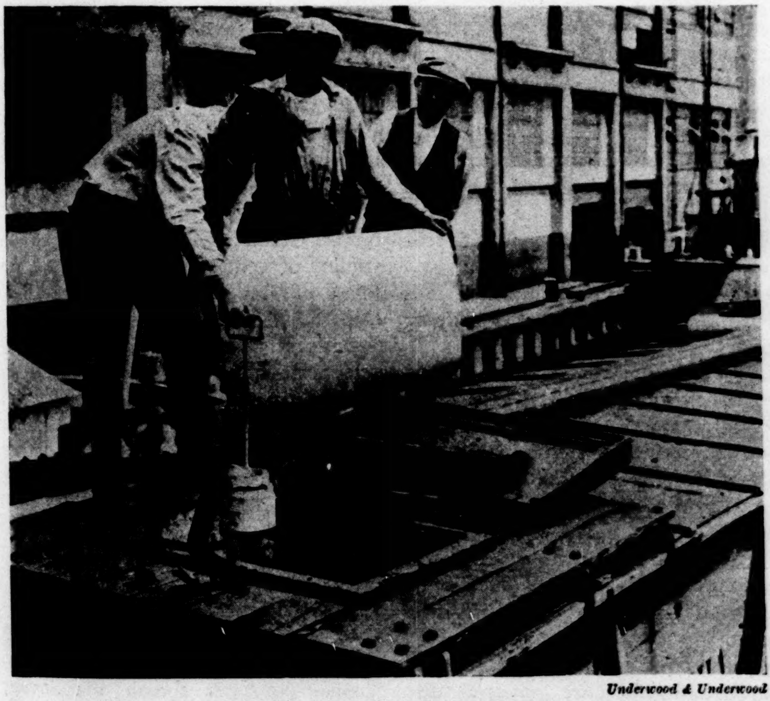
The exceptionally rapid flow of grain to market in this country and in Canada is helping to hold down prices. Another factor is the relative slackness of speculative interest in the grain market.

The September cotton estimate of 14,340,000 bales, which is 22,000 less than last month, 488,000 less than last year and 688,000 below the past five years' average, was considerably higher than the market expected or the private estimates forecast. The drought seems to have had little effect on cotton and the boll weevil has apparently been inactive like everything else this year. The high estimate dropped cotton $2.50 per bale but it has recovered fairly strongly since under pressure of more active spot buying and disposition of farmers to hold back the crop. A somewhat bullish August report of the Cotton Textile Merchants Association, showing sales of standard cotton cloths 7.6% above production for August, shipments 5.7% above, stocks 2.8% lower and unfilled orders 1.8% higher, has helped to strengthen prices.

A Year's Consumption

As in the case of wheat there isn't much in the general supply and demand situation to justify present low price levels, except the fact that during the past cotton year ended July 31 foreign mills have used relatively more foreign cotton and less American. But the estimates of the New York Cotton Exchange show the surprising fact that world consumption of cotton for the year ended July 31 was only 2.6% below last year. The consumption of American cotton, however, was 13.6% less and consumption in this country 14.3% less. The world mill stocks of American cotton are about 7% under last year, whereas American mill stocks are about 10% higher. American cotton is now relatively cheaper than foreign and since the beginning of August exports have been running higher than in the same period last year.

Although the United States appears to be holding the bag with apparently large stocks of last year's low grade cotton, there is as yet no demonstration that total world supplies when this year's crop is harvested will be very much larger than normal world requirements, allowing for the fact that the Farm Board is holding a million and a quarter bales of high grade cotton which it won't sell till it can get it's money back.



Underwood & Underwood

KILLING THE KILLER

Field workers of the Department of Agriculture fumigating refrigerator cars of bananas at the Japanese beetle "frontier." The gas generator is lowered into the ice compartment. Fruit is fumigated without unloading

New Exchange Rules Proposed To Encourage Wheat Speculation

Bears Have It Too Much Their Own Way Now; Secretary Hyde Joins Conferences

IMPORTANT changes in rules and practices of the Chicago Board of Trade, world grain mart, and in supervision of it by the United States Department of Agriculture, are under serious consideration. There have been conferences recently between Secretary of Agriculture Hyde and grain trade leaders, held in Chicago and Washington.

The object is to make the market more attractive to buying speculators. At present the bears have the edge.

Those who disapprove of things as they are say:

In grain, a bull is heavily handicapped to begin with. He is in the fix of a stock market operator paying 10% to 30% for call money. He pays it in carrying charges from 15¢ to as high as 30¢ per bushel per year. Elevator men seldom carry grain for appreciation. They are content to let others who know less about it pay them for so doing.

To add to the bull's burdens, the "currency of the pit," that is, grain deliverable under futures contracts, is depreciated. It is not worth 100¢ on the dollar. It is not "grain as grown." Much of it has been treated, "graded down." There are 17 different grades deliverable under futures contracts, 6 of them at an arbitrary discount of 5¢. The seller delivers what he pleases and the buyer must take it. If a seller desires, he may deliver an inferior grade, pay the 5¢ discount in cash, even though the actual value of the grain be 10 or 12¢ per bushel less than standard milling quality.

Elevator Juggling

Elevator men, it is charged, make substantial portions of their profits by systematically grading grain down. For example, 1% of rye in No. 2 hard wheat is permitted. If some benighted farmer sells No. 2 wheat that does not have 1% rye, the elevator puts it in. Modern mixing machinery is used to do this. With wheat at 90¢ and rye at 60, profit on adulterating 1,000 bushels of pure wheat as grown is around $3,000 less cost of the operation.

Millers, knowing all this, naturally prefer to buy "grain as grown." They refuse to accept the depreciated currency of the pit unless they have to. Consequently, the graded-down grain lags in elevators, passing from one speculator to another, earning money for the elevator month after month, slowly deteriorating further in quality.

Events this year have illustrated strikingly another handicap of the bulls. They are outnumbered. Volume of hedging has been unusually large.

Hedging Is Selling

Hedging is selling. It begets short selling. Since hedgers are not obligated to deliver real grain, sales may and do exceed possibilities of delivery. Here the ineffectiveness of the tariff is strikingly illustrated. Canada, with a bumper crop and prices at bankruptcy levels, may decide to hedge, say, 200,000,000 bushels in the Chicago market this year. Adequate speculative buying power to carry this load is absent. The American farmer must suffer. The 42¢ tariff means nothing.

Another cause of complaint is that restrictions and limitations on volume of contracts have driven big bull operators out of the market. One such regulation is that anyone dealing in 500,000 bushels or more must report his position immediately to the grain futures administration.

What can be done about it? Specifically, the following is proposed:

Change "seller's option" now universal in pit contracts to "buyer's option."

Cut down number of grades, perhaps to 4, which was the case for a number of years. Make only millable grain deliverable on futures.

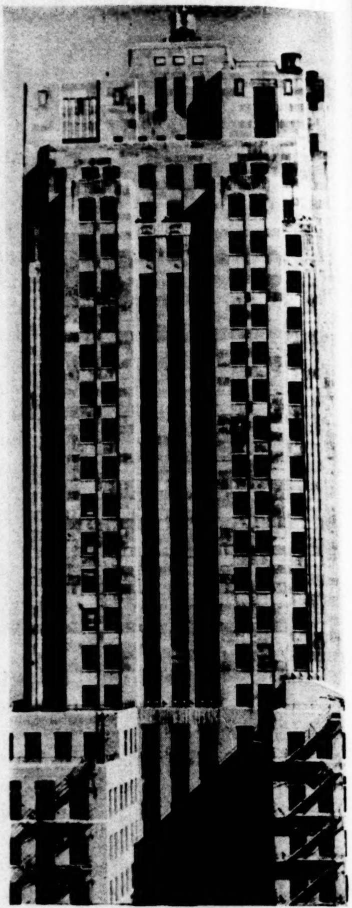
Prohibit delivery on pit contracts of treated grain. Make only natural grain lawful.

Have public storage warehouses, operators of which are prohibited from dealing in the market on their own account.

Modify powers of business conduct committee to minimize potential disclosures of confidential information.

Make delivery of grain on futures contracts compulsory.

Remove, as far as buyers are concerned, restrictions and limitations on volume of contracts, both those of the Board of Trade and those of the U. S. Department of Agriculture.



Underwood & Underwood

ANOTHER BEACON FOR CHICAGO

Aviators should know where they are when crossing the Windy City. This beacon, atop the La Salle-Wacker Building, uses the sun by day and neon tubes by night

Business will watch with interest development here. It seems logical to believe that the Board of Trade will take action in the near future, rather than risk having the matter go before Congress this coming winter.

Soviets Are Swinging Big Orders to Britain

By Special Cable to The Business Week

DESPITE steady tightening of credit on Russian purchases abroad, the Soviets are negotiating large orders. In London, R. J. Kroumowitz, vice-chairman of Metalloimport of Moscow, is negotiating for the placing of a $25-million

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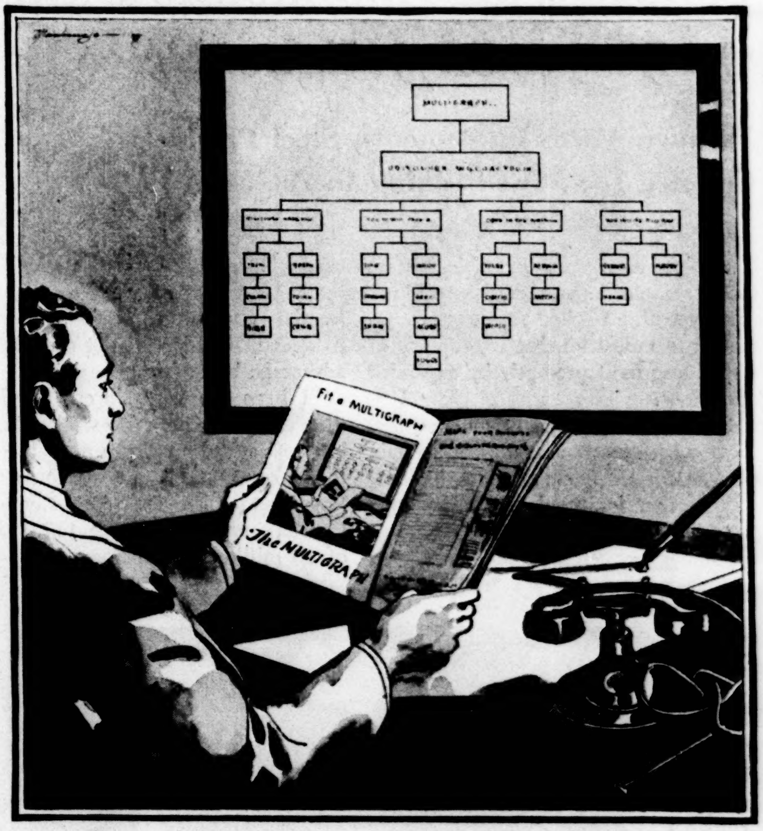

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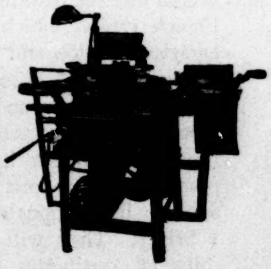

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The MULTIGRAPH

order for ships and machinery with companies along the Clyde, says contracts are likely to be signed before October, implies more orders for Scottish foundries may follow soon.

In the meantime, public opinion is fomenting over the Lena Goldfields concession and the Soviet refusal to accept the decision. Confidence in the business integrity of the Soviets is shaken. No new developments have come from London or Moscow during the week (*The Business Week*, September 10). Business men generally would welcome a thorough investigation and airing of grievances and policies.

Canada Puts Automobile Duties On 20% to 35% Higher Price Base

Textiles, Farm Implements, Steel Products Selected for Most Striking Increases in Rates

Special Correspondence, Ottawa

CANADA'S emergency tariff legislation has a single aim—reduction of unemployment. Higher protection is extended to industries that are capable of responding most promptly by expanded operations.

Heading the list are automobiles, textiles, agricultural implements, certain steel products. These are only the leaders; rates are increased on a wide range of commodities.

Premier Bennett has conferred with the heads of the industries selected for especial preference and has asked from them assurances of what they will do in the way of expansion, and also pledges that they will not exploit their advantage by unfair price raises.

"I have the very sincere conviction that, within the next few weeks, the new bill will afford employment at the least to 25 or 30 thousand workmen," the Premier told the House of Commons. Canada's unemployed are 117,000 out of 10 millions population.

Pacific & Atlantic

MR. MACNIDER PRESENTS HIS CREDENTIALS

Our minister to Canada (right) is received by Viscount Willingdon, the governor-general. He flew to his new post direct from Washington

Automobiles are covered, not in the tariff bill, but in special legislation. Duty now is levied on the basis of wholesale prices. The new bill empowers the Minister of Customs to levy duties on list prices, which are 20% to 35% higher.

The Canadian automobile industry asked the Mackenzie King government to do this, but was turned down.

The new duties, Canadian automobile men say, will bring two new branch plants to Canada.

Besides tariff increases, the government will appropriate $20 millions to assist provinces and municipalities to engage in public works.

Anti-dumping legislation also has been introduced.

Europe's Investment Trust To Sell Mortgage Bonds

By Special Cable to The Business Week

THE financial world is deeply interested in the new international investment trust —Compagnie Centrale de Prêts Fonciers —now being organized at Amsterdam, Holland, with the cooperation of strong French, Dutch, English, American, Swedish, Swiss, German, and Czechoslovak banking groups.

Sitting in on preliminary negotiations are representatives of Lazard-Frères, Société Générale, Union Parisienne, Banque Nationale; Credit Amsterdamsche, Bank of Amsterdam; Kreuger & Toll, of Stockholm; the Swiss Kreditanstalt; Zivnostenska Banka of Prague; J. Henry Schroder of London and New York; the Danat and Dresdner banks, and the Berliner Handelsgesellschaft. It is possible that Mendelssohn and Warburg interests will be included.

The capital of the new organization will be only $4 millions. Its object will be to issue bonds in Dutch currency on secured land mortgage bonds held by German and other central European banks. The outlet for the bonds will be sought chiefly in France. The imposing international backing is relied on to overcome the hesitation of the timid French investor. It is confidently expected that the institution will draw out French capital which will relieve the agrarian position and revive purchasing power in Central Europe.

A similar move on a smaller scale is reported from Switzerland where 6 European investment banks have incorporated a fixed trust to be known as Société Internationale de Placements ("SIP"). They will issue their own collateral certificates covering selected

Out of the storm

—by telephone

WITH his Western Electric radio telephone the pilot talks with the airport and receives directions for avoiding the storm.

He also hears Government weather reports and directional radio beacon signals which guide him through darkness, clouds or fog.

This equipment, keeping plane and ground in constant touch, marks a great step ahead in flying. It helps to put the new mode of travel on a dependable, efficient basis—doing for air transportation what telegraph, telephone and wireless have done for railroads and steamship lines.

The airplane telephone is backed by more than 50 years' experience with problems of voice transmission.

It was designed by Bell Telephone Laboratories and tested under actual flying conditions in their own planes. It is made with the same care and skill as all the Western Electric apparatus used by the Bell System.

When you travel or ship goods by air, ask whether the plane is equipped with Western Electric Airplane Telephone.

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securities in 10 countries. Reports from Switzerland also reveal that an international mortgage bank has been proposed to place low-cost western European capital advantageously in high-cost central eastern areas badly in need of it.

It is understood that the organization of an international trust in Holland and similar moves in other centers is encouraged by the Bank for International Settlements to facilitate future moves to offset the effects of reparations payments on the various countries.

Steel Cartel Changing Methods, Not Quitting

By Special Cable to The Business Week

REPORTS of impending collapse of the European Steel Cartel, accompanying news of special meeting this Friday at Liége, are apparently premature and the result mainly of outbursts of pessimism of the German press due to marked decline in domestic and foreign steel trade during August. This decline is not considered exceptional in view of the general depression at home and abroad and the tendency of buyers to hold off in a period of declining prices. The general loosening of price control by the cartel is merely a natural accompaniment of the general situation. European steel manufacturers are generally working at a loss in order to maintain some volume of sales.

The failure of the Central Sales Bureau for semi-finished steel and structural products is considered insignificant because the cartel formerly functioned independently of this bureau. The system of sales bureaus for various lines of steel products was recently developed and is considered a valuable and permanent asset without which control of price cutting and regulation of output in normal periods would be impossible. Their reconstitution in more flexible and workable form is considered certain as soon as the panicky state of mind subsides.

The important development of recent weeks in Germany is the growing pressure by the government for revision of cartel policies and cartel legislation. The emergency administrative decree which in July made President Hindenburg virtual dictator, authorized the government to take immediate direct action to dissolve cartels and abolish price fixing agreements. This was previously possible only by action of the special Cartel Court established under the cartel legislation of 1923. This power was granted the President partly in view of the failure of efforts to reduce prices along with wages by private agreement between employers and labor. (*The Business Week,* Aug. 6.) In the present situation it is within the power of the President to dissolve cartels when they maintain prices at levels considered by the government as contrary to the public interest. Furthermore the presidential decree allows members to withdraw from cartel agreements without being considered guilty of breach of contract.

The question of what further action should be taken under the powers of the President to force cartels to participate in price reduction was referred to the Economic Council of the Reich which was able to agree only on one thing, that the maintenance of resale prices on patented or trademarked products by manufacturers should be forbidden. A special decree issued Sept. 3 put this recommendation into effect.

Rubber Prices Drop As Control Plan Fails

THE final refusal of Dutch and British governments to enforce by law the efforts of private rubber-growing interests to restrict tapping and extension of planting dropped rubber prices this week to the lowest on record, between 7 and 8 cents here and in London. British and Dutch interests have been trying since spring to develop voluntary plans of controlling production by tapping holidays and the like, with small result. They finally concluded the thing could not be done unless the governments supported them by legal control of the scattered native growers, who are apparently willing to produce rubber for any price or merely for fun.

The governments, perhaps with the fate of the Stevenson scheme of 1922 in mind, said they saw nothing for it but to "let natural economic law take its course," although the Stevenson plan, which did not include the Dutch interests, was hardly comparable to the recent effort in its chances of success.

The collapse of rubber to a price far below the cost of production will put many smaller British companies into serious financial straits, precipitate mergers, cause increased unemployment of native labor. American consumers, who use 60% of the world's rubber and whose 10% cut in consumption has caused the rubber crisis, will get their tires and galoshes cheaper for a while; but the elimination of many producers by low prices now may make supplies insufficient and prices too high in normal times several years hence. Current stocks of rubber look large, but are not excessive in comparison with normal consumption.

International News

TO STRAIGHTEN OUT AUSTRALIA'S TANGLED FINANCES

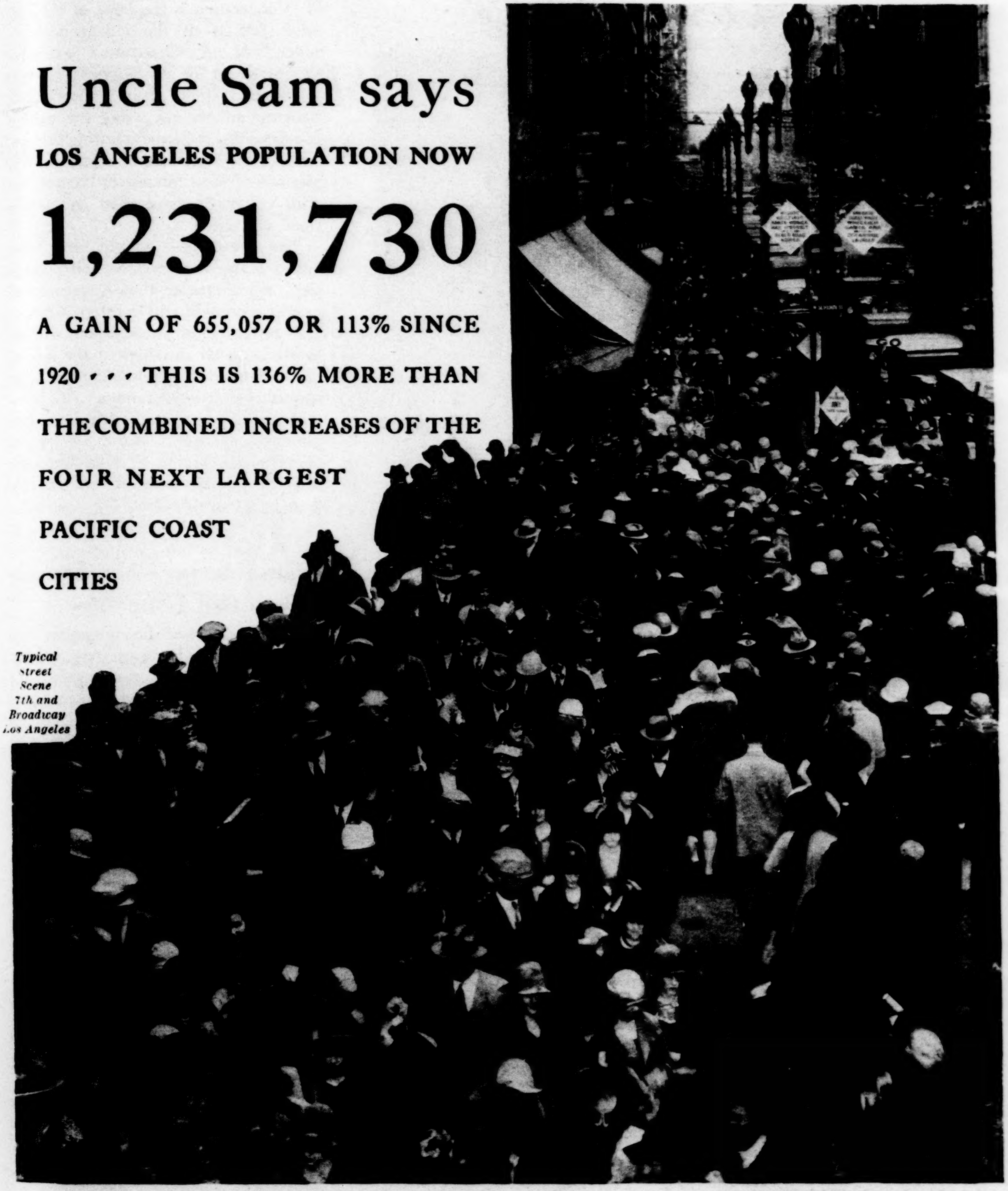
The experts arrive in Sydney. Left to right, Professor Gregory, Sir Otto Niemeyer (he arranged the loan with the Bank of England), Mr. Kershaw, and members of the reception committee

Uncle Sam says

LOS ANGELES POPULATION NOW

1,231,730

A GAIN OF 655,057 OR 113% SINCE 1920 . . . THIS IS 136% MORE THAN THE COMBINED INCREASES OF THE FOUR NEXT LARGEST PACIFIC COAST CITIES



Typical Street Scene 7th and Broadway Los Angeles

Industrial Los Angeles *County*

POPULATION 2,199,657

MANUFACTURING EXECUTIVES ARE INVITED TO WRITE TO THE INDUSTRIAL DEPARTMENT, LOS ANGELES CHAMBER OF COMMERCE, FOR DETAILED INFORMATION REGARDING THIS GREAT WESTERN MARKET

Wide World

Paris to Los Angeles

A. P. Giannini (right) raced home from Paris in 7 days, 5 hours. He crossed the Atlantic on the Bremen, the United States by T. A. T. plane and Santa Fe. Left to right are H. W. Beck, vice-president of T. A. T., James B. Duffy of the Santa Fe, who arranged the last leg of the journey

Interest, Down Elsewhere, Up on Savings Deposits

MUTUAL savings banks in the United States increased the rate of interest paid on deposits in the year July, 1929, to July, 1930, although most interest rates of all types fell sharply during that period. The average rate paid by the 594 mutual banks was 4.54% July 1, 1929, and had increased to 4.60% on July 1, 1930, according to compilations just completed by the national association of these banks.

Of the 594 mutual savings banks, 228 paid depositors 5% this year—70 more than a year ago; 228 paid 4½% as compared with 292 at that rate a year ago; 108 paid 4% against 117 in the previous 12-month period.

Connecticut's savings banks, figuring their average interest at 4.97%, paid a higher rate than those of any other state. Massachusetts banks came second at 4.91%, Washington's third with 4.875%. New York savings banks averaged 4.43%, Pennsylvania banks 4.02%, and Ohio banks 4.00%.

Continued high rates for mortgage money have enabled the savings banks to maintain high interest rates and make the increases recorded. The 594 reporting mutual savings banks on July 1 had deposists of $9,145,891,859, an increase of $190 millions during the year. Of this total about 54% was invested in mortgages.

The opportunity to purchase bonds at such prices as to obtain good yields also aided the savings banks. Various classes of bonds account for the greatest part of investments not in mortgages. Thus 14.41% of deposits were in government bonds, 10.14% in railroad bonds, 6.67% in unclassified bonds, and 4.24% in public utility bonds. Public utilities senior securities have been made legal savings bank investments comparatively recently in New York and Massachusetts, and this accounts partly for the lower percentage.

Illinois' Unit Banks Seek Group Advantages

ILLINOIS bankers held a series of meetings this week to discuss plans for strengthening the state's unit banks by adopting some of the advantages of group banking. Cooperation of the unit banks through regional clearing house associations is contemplated.

"Cooperation is the hope of the unit bank just as of the independent retailer," M. A. Graettinger, executive vice-president of the Illinois Bankers Association, told them. "Cooperative banking unions, cut along the pattern of successful regional clearing houses, without the surrender of stock, without sacrifice of local interest or control, but with voluntary cooperation and affiliation" are urged.

The advantages sought are those aimed at by the groups. Self-supervision, much stricter than governmental examination, will add to safety. Cheaper and better credit information will be available to all members at the central office. More efficient management of investments will save money. Cooperative buying of equipment and supplies will cut costs. Group advertising offers much promise. More effective research can be done at less expense than by going it alone.

Transamerica's New Merger Raises Old Issue

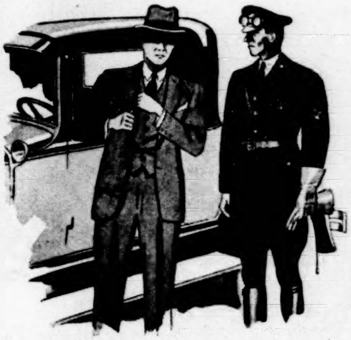
CONSUMMATION of the announced merger between the Bank of Italy and the Bank of America will rearrange the list of leading banks in the United States and adds another fagot to the burning question of banking concentration with uncontrolled ownership.

The combined resources of the two banks as of June 30, latest call date, were $1,488,583,000, with deposits of $1,295,043,000, giving the merger institution fourth place among the nation's banks. Chase National comes first with resources of $2,648,958,000; National City is second with $2,078,337,000; Guaranty Trust third with $2,038,458,000. Continental Illinois Bank & Trust, of Chicago, with $1,174,272,000, is pushed to fifth place by the new merger.

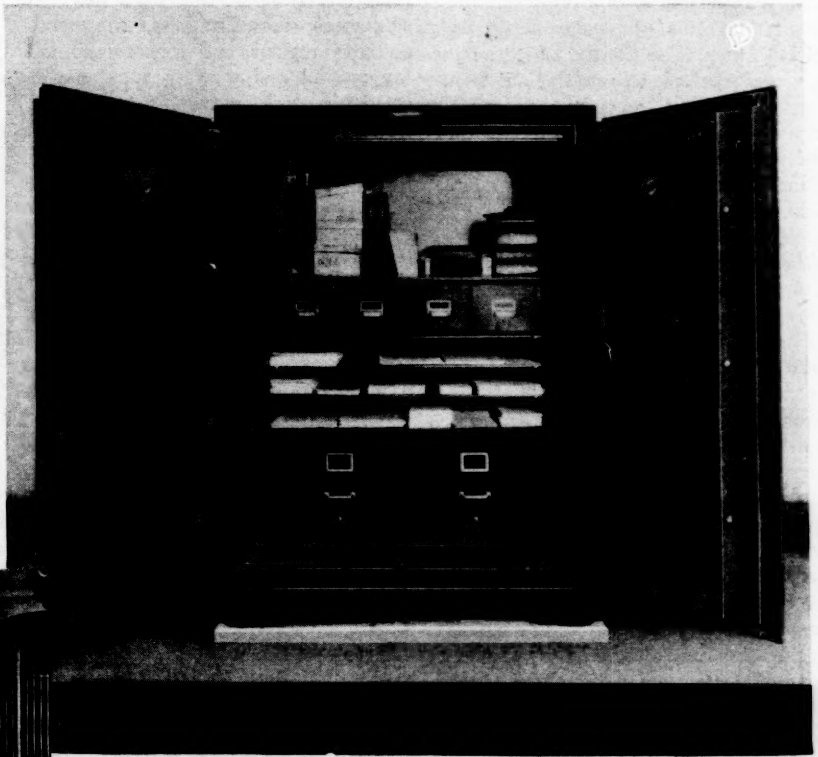
Both the Bank of Italy and the Bank of America are practically fully owned by the Transamerica Corporation, formed as a holding company for the A. P. Giannini interests. This mammoth holding company with resources of $1,176,512,641, now controls institutions with resources totaling $3,342,298,307, owns substantial, if minority, interests in many others. Included within its structure are about 480 banks mostly in California, two large insurance companies, a real estate company, agricultural banks, and a bank with 37 branches in Italy. The fact that it comes under no banking regulation is certain to be re-emphasized in discussions of the new merger.

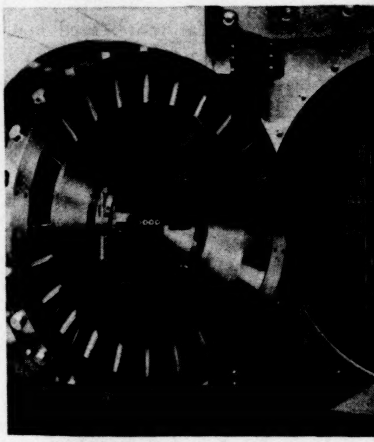
A BUSINESS THAT HAS LOST ITS RECORDS
is like a driver that has lost his license

This Diebold Dominator Safe meets Class-A requirements of the Underwriters Laboratories . . . 4 hours of intense heat, a 30-foot drop, and reheating upside down.



This is a Diebold Vault Door . . . fifty tons of finest steel. Made by workmen that build safe shown here.





A COP can't take a driver's word for it. He has to see the license. Nor is the business world going to take your word for it once your office records are destroyed by fire. Put your records beyond the reach of fire . . . in a Diebold Dominator Safe. • The Diebold Dominator Safe is built by the company that constructs the great vault doors such as the one used in your own bank. The same men that fashion these doors build also the Diebold Dominator Safe . . . and with the same careful workmanship. Diebold Safe and Lock Company has been serving bankers for 70 years. They offer you this experience for protection of your vital records in a Diebold Dominator Safe.

Diebold SAFE AND LOCK COMPANY, CANTON, OHIO
SEVENTY YEARS OF BANK SERVICE

New England Railroad Deal Strengthens Hold of Penn

BANKER-CONTROL of railroads, long-discussed both in theory and practice, has passed from the realm of the hypothetical to the actual in New England with the announcement this week that Lee, Higginson & Co. had acquired 30,000 shares of the outstanding stock of both the Maine Central and the Bangor & Aroostook railroads. In each instance the block exceeds 25% of the capital of each road and comes within the purview of the Interstate Commerce Commission's "working control" definition.

With Pennsylvania Railroad owning, either directly or through the Pennroad Corp., at least 20% of the New York, New Haven & Hartford Railroad stock (*The Business Week,* April 9), and with New Haven's and Pennroad's holdings in Boston & Maine sufficient to amount to a controlling interest, the acquisition of the stock in the two leading Northern New England lines by a banking house not unfriendly to the Pennsylvania Railroad is regarded as significant in rail and financial circles. Should Lee, Higginson seek to sell its stock, the Pennsylvania–Pennroad–New Haven triumvirate would be able, presumably, to purchase control of all New England railroads, other than the New York Central's Boston & Albany, and the Canadian subsidiaries.

Recognizing the fact that New England sentiment does not look with favor upon trunk line control of its railways, it is believed in informed circles that the move has the effect of placing Pennsylvania in a favored "trading" position in any allocation of lines in an eastern merger. Lee, Higginson now becomes the arbiter of the destinies of at least two leading railways and is able either to strengthen the case for local control or to give the Pennsylvania a hold on the New England lines.

Manufacturers' Stocks Still Look High

THOSE who have been gloomily contending that commodity stocks in the hands of manufacturers have failed to take the hoped-for sharp dive from the high levels of 1929 find some support for their views in inventory figures covering 150 corporations compiled by the *American Bankers Journal.* June 30 balance sheets of these corporations showed inventories of $1,436,356,000, compared with $1,548,451,000 on June 30, 1929—a decline of 7.3% for the 12 months. A breakdown indicates that heaviest cuts were made by automobile manufacturers, automobile accessory makers, and concerns producing textiles and wearing apparel. Increases in stocks were shown by chemical, leather and shoe, paper and paper products, and non-ferrous metal manufacturers, and by merchandising companies.

However, since stocks are measured in dollars, this 7.3% decline must be adjusted to take into account the 12 months' drop of 10% in wholesale prices. Doing this indicates that a June 30 inventory actually represents an accumulation of stocks 3% greater than a year previously.

More optimistic observers are inclined to stress the difficulties of making comparisons of this kind in unstable dollar values, the probability that some of the concerns covered wrote down their stocks before sending in their balance sheet figures, the possibility that some of the accumulation has been moved out as production has been cut in the weeks since June 30.

Electrical Guild Aims At Labor Peace

A CHIEF topic of discussion in electrical circles this week was organization of the Electrical Guild of North America by 63 firms engaged in electrical construction in 19 cities, to "modernize and stabilize" the industry.

The guild will promote industrial cooperation "on a scale hitherto unknown and untried" by the prevention of strikes and lockouts "through open understandings with union labor" and an active cooperation with the International Brotherhood of Electrical Workers. A research bureau is to be opened in Washington to work for the stabilization and development of the electrical construction industry and the adjustment of difficulties between employer and employee through the Council on Industrial Relations. L. K. Comstock, who heads the Council on Industrial Relations, is president of the new organization.

The cities so far represented in the membership of the guild are New York (11 firms), Pittsburgh (9), Cleveland (6), St. Louis (6), Philadelphia (5), Detroit (5), Baltimore (5), Newark (2), Cincinnati (2), Indianapolis (2), Mount Vernon, N. Y. (2), Yonkers, Jersey City, Washington, Boston, Milwaukee, Tulsa, White Plains, N. Y., and Hackensack, N. J. (1 each).

International News

EUGENE MEYER

The former chairman of the Federal Farm Loan Board is designated as the future governor of the Federal Reserve Board

Japanese Are Weeding Out Their Pacific Fleets

As alert to modern business methods as Occidental rivals, Nippon Yusen Kaisha, largest shipping company with Oriental registry, announced last week the removal of 7 old vessels from its fleet. The *Tenyo Maru,* largest vessel to go, familiar to San Francisco shippers, was sold to Los Angeles interests for $200,000. The *Awa Maru* and the *Sado Maru,* long in the Yokohama-Seattle run, will be scrapped. Four smaller vessels from Australian and South American runs have been sold.

N. Y. K. has launched only a few of the large number of modern motor vessels which are being built particularly for the trans-Pacific service.

LOWEST DELIVERY COSTS TO 19 MILLION PEOPLE FROM KANSAS CITY

NEW

IN KANSAS CITY

The world's largest bus terminal, a block square and eleven stories in height, has just been opened in Kansas City as headquarters for the Pickwick-Greyhound Lines. Kansas City's strategic central location, the excellent development of highways in every direction and its steady growth and prosperity were factors in its selection for this development. *Adequate transportation facilities* are a vital advantage to an industrial center, an advantage in which Kansas City is unexcelled by any other metropolis. Transportation facts in detail are yours for the asking.

KANSAS CITY offers its manufacturers and wholesalers *lowest delivery costs to nineteen million people.* Comparative freight rates in every classification definitely prove this statement.

New rates just established by the Interstate Commerce Commission give Kansas City an additional important transportation advantage in lower through rates from the Atlantic seaboard.

Kansas City grows amazingly as a distribution center in this period of day-to-day buying. Its manufacturers and wholesalers can ship today's orders today with delivery in many cases tomorrow, *giving promptest service at lowest cost.* And that is just the sort of service a manufacturer must be able to give the retail outlets in this 19-million area. *Long-distance service no longer can compete.*

Transportation has found a logical center in Kansas City: Twelve trunk line railroads and thirty-two subsidiaries; the world's largest bus terminal; adequate highway freight and passenger service; two large close-in airports with 44 regularly scheduled airplane arrivals and departures daily (including two transcontinental lines, with a third in process of development); a navigable Missouri River channel to St. Louis about ready for the barge lines.

Kansas City offers every manufacturing advantage, but none more important than quick, economical transportation to 19 million people.

INDUSTRIAL COMMITTEE OF THE CHAMBER OF COMMERCE OF

KANSAS CITY MO.

♥

Other communities may be hesitating; Kansas City goes right ahead working and prospering, *with 1930 now promising to equal or exceed 1929 in sales volume in many lines.*

♥

Kansas City is one of construction's brightest spots in the United States, with scarcely a block in the downtown area unable to boast one or more multi-story buildings; in the aggregate, an investment upward of $40,000,000 by investors *from other sections* who have faith in Kansas City!

INDUSTRIAL COMMITTEE, CHAMBER OF COMMERCE,
KANSAS CITY, MISSOURI

Please send me the facts about Kansas City. I am interested in the ______ industry.

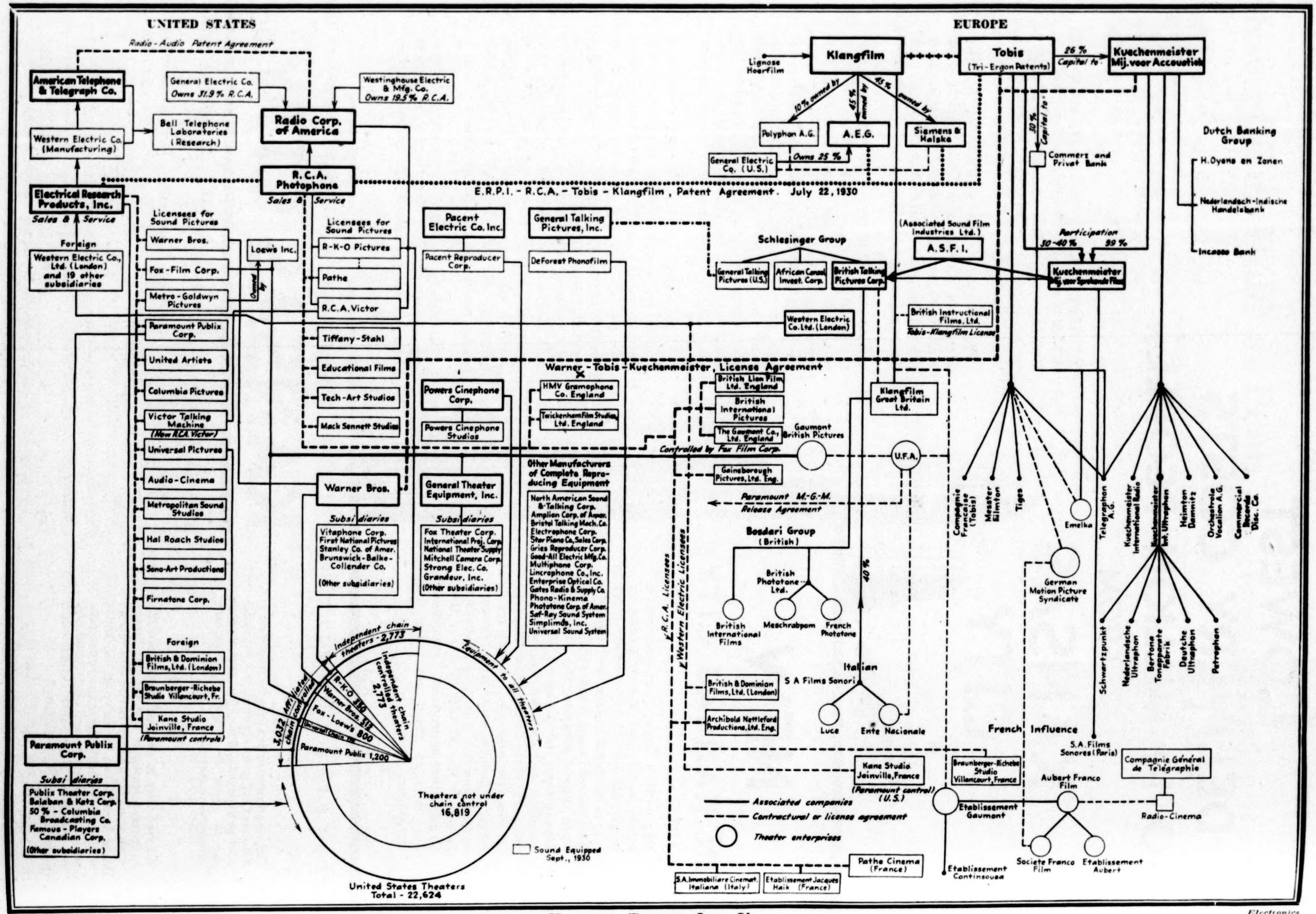
Name ______

Firm ______

Address ______

City ______ *State* ______

(I saw your advertisement in Business Week)


UNITED STATES
EUROPE
Radio - Audio Patent Agreement
American Telephone & Telegraph Co.
General Electric Co. Owns 31.9 % R.C.A.
Westinghouse Electric & Mfg. Co. Owns 19.5 % R.C.A.
Radio Corp. of America
Western Electric Co. (Manufacturing)
Bell Telephone Laboratories (Research)
R.C.A. Photophone
Sales & Service
Electrical Research Products, Inc.
Sales & Service
E.R.P.I. - R.C.A. - Tobis - Klangfilm, Patent Agreement. July 22, 1930
Foreign
Western Electric Co., Ltd. (London) and 19 other subsidiaries
Licensees for Sound Pictures
Warner Bros.
Fox-Film Corp.
Metro-Goldwyn Pictures
Paramount Publix Corp.
United Artists
Columbia Pictures
Victor Talking Machine (Now R.C.A. Victor)
Universal Pictures
Audio-Cinema
Metropolitan Sound Studios
Hal Roach Studios
Sono-Art Productions
Firnatone Corp.
Foreign
British & Dominion Films, Ltd. (London)
Braunberger-Richebe Studio Villencourt, Fr.
Kane Studio Joinville, France
(Paramount controls)
Loew's Inc.
Owned by
Licensees for Sound Pictures
R-K-O Pictures
Pathe
R.C.A. Victor
Tiffany-Stahl
Educational Films
Tech-Art Studios
Mack Sennett Studios
Pacent Electric Co. Inc.
Pacent Reproducer Corp.
General Talking Pictures, Inc.
DeForest Phonofilm
Powers Cinephone Corp.
Powers Cinephone Studios
Warner - Tobis - Kuechenmeister, License Agreement
HMV Gramophone Co. England
Twickenham Film Studios, Ltd. England
Warner Bros.
Subsidiaries
Vitaphone Corp.
First National Pictures
Stanley Co. of Amer.
Brunswick-Balke-Collender Co.
(Other subsidiaries)
General Theater Equipment, Inc.
Subsidiaries
Fox Theater Corp.
International Proj. Corp.
National Theater Supply
Mitchell Camera Corp.
Strong Elec. Co.
Grandeur, Inc.
(Other subsidiaries)
Other Manufacturers of Complete Reproducing Equipment
North American Sound & Talking Corp.
Amplion Corp. of Amer.
Bristol Talking Mach. Co.
Electrophone Corp.
Star Piano Co, Sales Corp.
Gries Reproducer Corp.
Good-All Electric Mfg. Co.
Multiphone Corp.
Lincrophone Co., Inc.
Enterprise Optical Co.
Gates Radio & Supply Co.
Phono-Kinema
Phototone Corp. of Amer.
Saf-Ray Sound System
Simplimus, Inc.
Universal Sound System
Paramount Publix Corp.
Subsidiaries
Publix Theater Corp.
Balaban & Katz Corp.
50 % - Columbia Broadcasting Co.
Famous - Players Canadian Corp.
(Other subsidiaries)
Independent chain theaters - 2,773
Equipment to all theaters
Affiliated controlled chain 3,032
R-K-O 350
Warner Bros. 512
Fox - Loew's 800
Universal Chain 170
Paramount Publix 1,200
Independent chain controlled theaters 2,773
Theaters not under chain control 16,819
Sound Equipped Sept., 1930
United States Theaters Total - 22,624
Lignose Hoerfilm
Klangfilm
10 % owned by
45 % owned by
45 % owned by
Polyphon A.G.
A.E.G.
Siemens & Halske
General Electric Co. (U.S.)
Owns 25 %
Tobis (Tri-Ergon Patents)
26 % Capital to
Kuechenmeister Mij. voor Accoustiek
30 % Capital to
Commerz and Privat Bank
Dutch Banking Group
H. Oyens en Zonen
Nederlandsch-Indische Handelsbank
Incasso Bank
(Associated Sound Film Industries Ltd.)
A.S.F.I.
Schlesinger Group
General Talking Pictures (U.S.)
African Consol. Invest. Corp.
British Talking Pictures Corp.
Participation
30-40 %
99 %
Kuechenmeister Mij. voor Sprekende Film
Western Electric Co. Ltd. (London)
British Instructional Films, Ltd.
Tobis-Klangfilm License
British Lion Film Ltd. England
British International Pictures
The Gaumont Co., Ltd. England
Gaumont British Pictures
Klangfilm Great Britain Ltd.
Controlled by Fox Film Corp.
U.F.A.
Gainsborough Pictures, Ltd. Eng.
Paramount M.-G.-M. Release Agreement
R.C.A. Licensees
Western Electric Licensees
Bosdari Group (British)
British Phototone Ltd.
British International Films
Meschrabpom
French Phototone
40 %
Italian
S A Films Sonori
Luce
Ente Nacionale
British & Dominion Films, Ltd. (London)
Archibold Nettleford Productions, Ltd. Eng.
Kane Studio Joinville, France
(Paramount control) (U.S.)
Braunberger-Richebe Studio Villencourt, France
Associated companies
Contractural or license agreement
Theater enterprises
Pathe Cinema (France)
S.A. Immobiliare Cinemat. Italiana (Italy)
Etablissement Jacques Haik (France)
Compagnie Francaise (Tobis)
Messter Eilmton
Tiges
Emelka
German Motion Picture Syndicate
Telegraphon A.G.
Kuechenmeister International Radio
Kuechenmeister Int. Ultraphon
Helmton Dammitz
Orchestrola Vocalion A.G.
Commercial Records Disc. Co.
Schwartzpunkt
Nederlandsche Ultraphon
Bertona Tonapparate Fabrik
Deutche Ultraphon
Petraphon
French Influence
S.A. Films Sonores (Paris)
Compagnie Général de Télégraphie
Aubert Franco Film
Radio-Cinema
Etablissement Gaumont
Etablissement Continsouza
Societe Franco Film
Etablissement Aubert

HOW THE TALKIES LINE UP

Electronics

Vast Interests Now Have A Voice in the Talkies

Business of Many Kinds in Many Countries Joined In Network of Patent Pools and Licensing Agreements

SWIFT-MOVING developments that, long ago, left outsiders far behind, have now carried the sound picture patent situation to a point at which it presents a tangle of interests, arrangements and accommodations baffling even to those intimately associated with it.

Its amazing complexity and international spread are shown for the first time in the chart on the opposite page, prepared for *The Business Week* by Dr. Franklin S. Irby, associate editor of *Electronics.* Here are shown the intricate relationships of the leading manufacturers of sound equipment, producers, and theater enterprises concerned with the making and marketing of practically all of the sound pictures —vast electrical and picture interests involving a total capital that runs into the billions.

How It Started

Such complexities of control are new even to the highly developed motion picture industry. Before sound came to the screen, motion picture makers here and abroad operated independently of any licensing agreements on their electrical equipment. But with the advent of the vacuum tube and its associated electrical equipment, brought out at the expenditure of large sums in research leading to the acquisition of hundreds of patents covering the use of the vacuum tube in various electrical circuits, the larger electrical organizations adopted strong methods to consolidate their position in the tremendous market they saw opening up before them. Their first step was to make license agreements with the leading picture producers based on previous patent pool arrangements among themselves.

The leading electrical companies directly interested in sound equipment in the United States include the Electrical Research Products Inc., wholly-owned subsidiary of Western Electric; RCA-Photophone, a wholly-owned subsidiary of the Radio Corporation of America; the Pacent Electric Co.; General Talking Pictures, Inc. The Electrical Research Products, Inc., originally licensed Warner Bros. for the making of sound pictures, under the Western Electric patent, and later other well-known producers such as Fox Film Corp., Metro-Goldwyn-Pictures, Paramount, United Artists, Columbia Pictures, as shown on this chart. RCA-Photophone licensees for the making of sound pictures include Pathé, Tiffany-Stahl, Educational Films, and R-K-O Pictures, the latter controlled by RCA.

Some Independents

The big electrical companies have also proceeded to manufacture sound-reproducing equipment for sale on a license basis to theaters in this country and abroad. Some independent manufacturers have sold sound equipment outright.

The large circle in the lower left section of the diagram presents a composite view of the 22,624 picture theaters in the United States. Of these, 3,032 are affiliated with various producing organizations as indicated by the solid lines tying up these groups with their respective controlling units. Independent chain theaters total 2,773; theaters not under chain control, 16,819. The shaded area indicates the percentage, by areas, of the theaters which have been sound-equipped as of September, 1930.

Tracing a Tie-up

One of the interesting tie-ups may be illustrated by following through the Fox Film Corp., an original licensee of the Western Electric patents. Through capital affiliation it is associated with Loew's, Inc., which owns Metro-Goldwyn Pictures. Due to the recent realignment within the Fox Film Corp., General Theatre Equipment now has controlling interests in Fox Films, in addition to other subsidiaries as indicated under this block. Fox Films also had purchased control of the banking group which controls the Gaumont British Pictures, a chain of some 300 theaters in Great Britain.

The chart takes in the leading electrical organizations abroad, with their capital affiliations indicated by solid lines, licensee agreements by dotted lines. The Klangfilm Co. is owned by two well-known organizations, A.E.G. and Siemens & Halske. The Tobis group represents the consolidation of hundreds of patents in the sound picture field, including the Tri-Ergon. Klangfilm and Tobis have a special contractual agreement providing for interchange of patents. The Kuechenmeister group has also strong patent affiliations through ownership of 26% of Tobis, as well as through the pooling of gramophone and electric disc-recording patents, later applied to sound picture production. The development of the Kuechenmeister Co. is shown by the tie-up of the smaller organizations indicated on the right-hand side of this chart.

Owing to the strong patent-pooling arrangements made in Germany, this country has gained a dominant position in the sound picture industry of Europe. The international contractual and licensing agreements are indicated by the lines connecting the United States with the European field.

The Paris Treaty

At the top of the chart is indicated in heavy dotted line the E.R.P.I.–RCA–Tobis–Klangfilm Patent Agreement, which was a result of the Paris Sound Picture Conference, concluded in July, 1930. The result of this agreement definitely apportioned various parts of the world for the sale of sound reproducing and recording equipment. The only American companies represented were Electrical Research Products and RCA-Photophone, while the European companies represented, as shown, included A.E.G., Siemens & Halske, and the Tobis group.

Prior to this patent agreement, Warner Bros. had already concluded an agreement with the Tobis-Kuechenmeister group (as indicated by the heavy dotted line), with Warner purchasing a substantial interest in this group to make possible the showing of sound pictures in Germany, on German-licensed apparatus.

Talkies Bring Studios To New York and London

PARAMOUNT PUBLIX made business news and club gossip in two countries when it announced that it will produce films in London and remove part of its talking picture production from Hollywood to Long Island. Production in England will be in the leased Elstree Studio of the British & Dominion Films Corp., and according to preliminary reports calls for expenditure by

Paramount of $19,500,000 in a 10-year English production program.

At home, Hollywood is worried, New York complacent. Sound films are drawing on stage stars and stage successes. Stars find it difficult to get away to the West Coast. Supplementary casts are not easily assembled so far from Broadway. Hollywood is superior for extensive exterior "shots," will be used in the production of 57 of this year's 75 features. The Astoria studios on Long Island are speeding final preparations to handle the other 18. Paramount officials say more productions will move East soon.

Unemployment Insurance Splits Conservative and Radical Labor

Along with some discussion and agitation for public unemployment insurance, the business recession has precipitated for the first time a definite clash of opinion on this question within labor circles and a clear-cut statement of policy from the head of the American Federation of Labor. This is important because the federation had never before made its position clear, and politicians who have been capitalizing current unemployment and counting on appealing to organized labor on the basis of an unemployment insurance platform have apparently been following the wrong trail.

Several weeks ago Mr. Green, president of the A. F. of L., made public endorsement of Governor Roosevelt as candidate for governor of New York, or anything else, on the ground of his support of the labor interests and labor legislation, particularly the Old Age Pension Law recently adopted.

At the annual convention of the New York State Federation of Labor, Aug. 27, Roosevelt advocated the principle of compulsory public unemployment insurance on the European plan, with the state, employers, and employees contributing, "but avoiding any form of dole." The present attitude toward unemployment insurance, he said, is somewhat like that which existed in 1905 when the first efforts were made to establish workmen's compensation. Individual corporations like the General Electric Co. are headed toward some plan of protecting workers' earnings, as some attempted individually before workmen's compensation to protect workers against the consequences of injury. These efforts, he felt, could not be effective without the state's stepping in to bring all employers into line.

Since then Mr. Green, replying to Governor Roosevelt and the New York Federation, which had adopted a resolution favoring the Roosevelt program, vigorously attacked the movement for compulsory unemployment insurance. It is only one step, Mr. Green said, from compulsory unemployment insurance to the dole system, which develops a paternalism that is demoralizing and destructive.

Dole Principle Vicious

"The real remedy for unemployment," he said, "is employment. The obligation rests upon industry to provide employment for men and women willing to work. The dole system imposes a vicious principle in that it attempts to provide relief by supplying only the minimum of subsistence."

Organized labor's program, according to Mr. Green, is the establishment of voluntary joint employment insurance funds in seasonal industries, division of work instead of wholesale discharge, a shorter work day and work week, and a guaranteed yearly wage. If the dole system is ever established, he said, the employers will be to blame because they will have failed to deal with unemployment in a systematic, scientific, constructive way by regularizing and stabilizing employment.

Probably Forecasts Report

This statement probably forecasts the official report to be made by the executive council to the annual convention of the A. F. of L. in Boston, Oct. 6, where the question of unemployment insurance is expected to be the subject of a hot contest between the conservative and more radical wings.

Representatives of the latter, making up the so-called Conferences for Progressive Labor Action, met last week at Brookwood Labor College, from which the A. F. of L. withdrew its support last year, to draft standard bills providing for state and federal unemployment insurance. The federal scheme provides for subsidies or inducements to states establishing unemployment insurance plans. The model

Pacific & Atlantic

Old Man River Feels Low

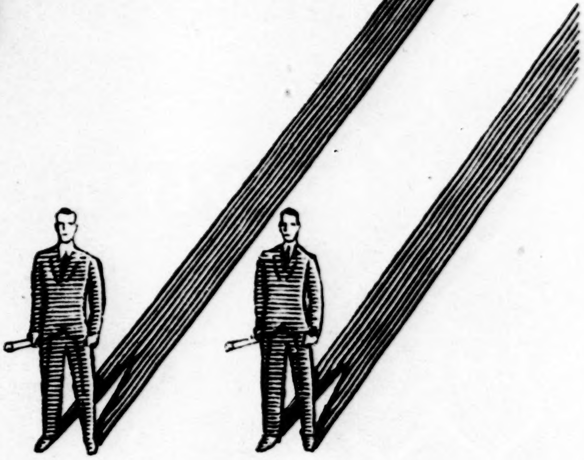
Not for 27 years has the Mississippi had less water between its banks. Navigation is almost at a standstill above Missouri. These steamboats and barges are all stranded just south of Keokuk. Secretary of War Hurley, General Ashburne, chairman of the Inland Waterways Corporation, and Major-General Lytle Brown, Army engineer, made a special trip of inspection

NEWALOY SHEETS
(OF NIROSTA METAL . . .
A CHROMIUM-NICKEL STEEL)

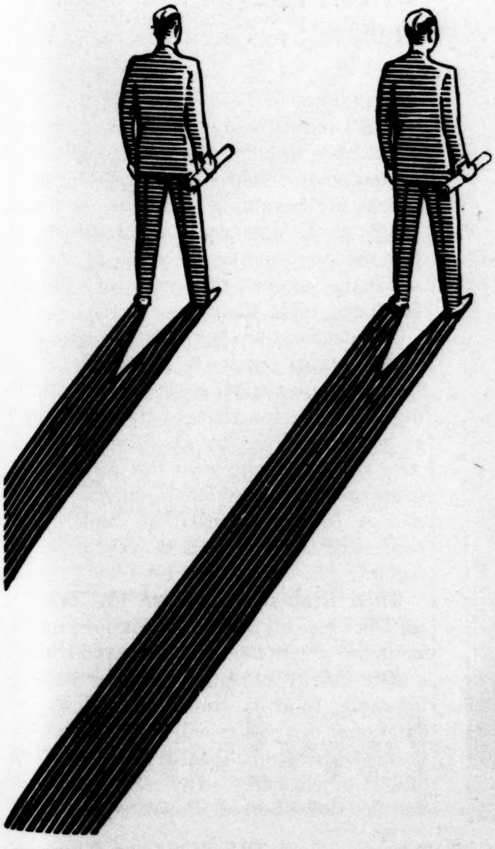
ENAMELING SHEETS

ELECTRICAL SHEETS

FULL FINISHED SHEETS



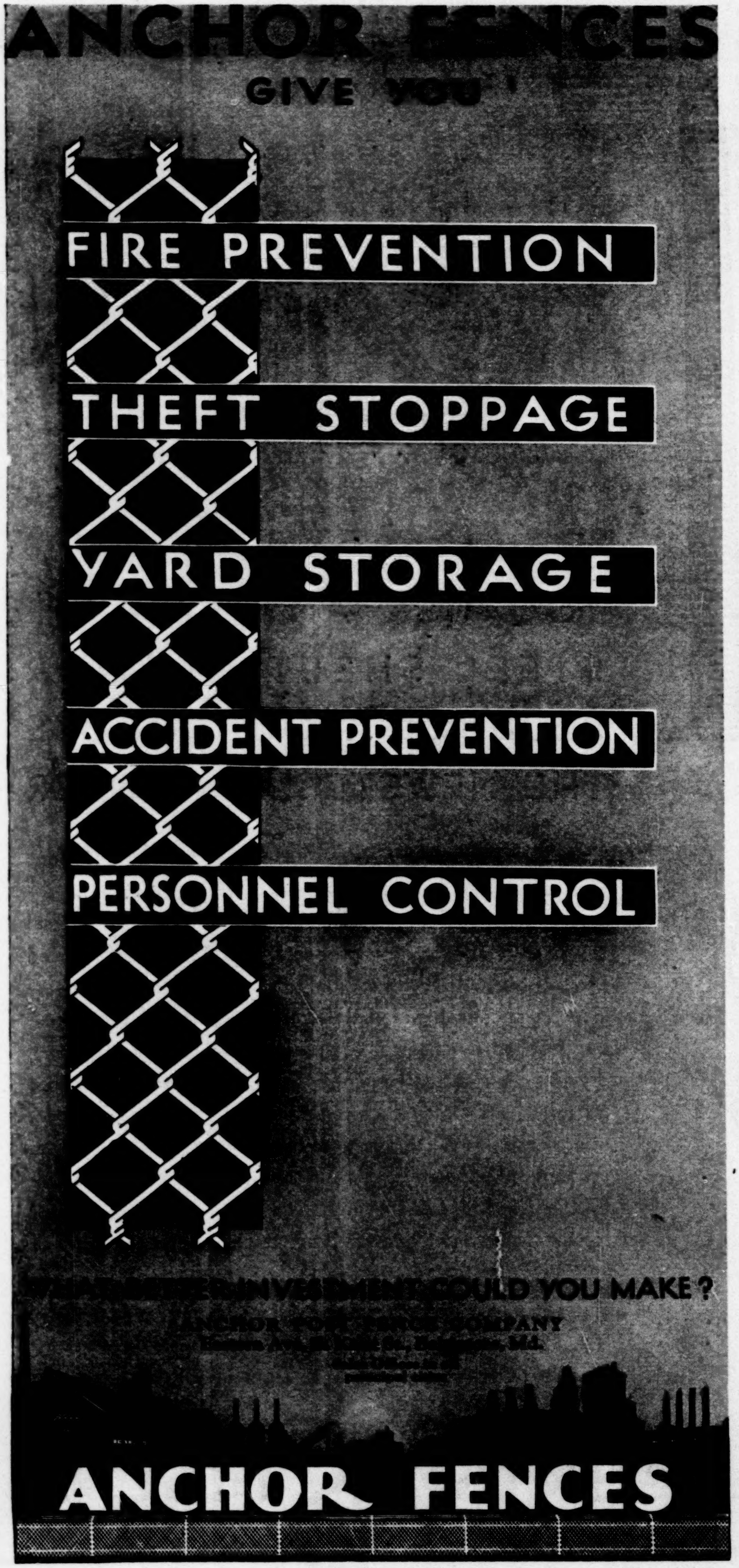
if YOU USE ANY TYPE OF STEEL SHEET IN YOUR PRODUCT...YOU CAN USE THE NEWSTEEL ENGINEER



The Newsteel Engineer's experience and skill is not limited to any one special type of steel sheet. His diversified daily assignments keep him in intimate practical touch with all sorts of products, and their many, varied production methods. Not only does he afford expert service on chemical and metallurgical aspects of the sheet, but also on mechanical requirements—such as stamping, drawing and other forming. In this connection he has provided many manufacturers substantial savings in operating costs, reduced material waste and effected other production economies by determining the RIGHT sheet for the product. Take advantage of the Newsteel Engineer for the betterment of your product. His personal study of your problem costs you nothing.

THE NEWTON STEEL COMPANY, YOUNGSTOWN, OHIO
Boston Chicago Cleveland Detroit Grand Rapids
Indianapolis New York St. Louis
PLANTS AT NEWTON FALLS, OHIO, AND MONROE, MICHIGAN

NEWSTEEL
THE ENGINEERED STEEL SHEET


ANCHOR FENCES
GIVE YOU
FIRE PREVENTION
THEFT STOPPAGE
YARD STORAGE
ACCIDENT PREVENTION
PERSONNEL CONTROL
WHAT BETTER INVESTMENT COULD YOU MAKE?
ANCHOR POST FENCE COMPANY
Eastern Ave. & Kane St., Baltimore, Md.
Sales Offices in all
principal cities
ANCHOR FENCES

state plan supported by this labor group follows the workmen's compensation law, with payments into the insurance fund to be made by employers only, graduated so that companies having a high rate of unemployment would pay a higher premium.

Policy Is Consistent

The stand of the A. F. of L. against unemployment insurance, if officially ratified at the convention in October, would be a radical departure from organized labor policies the world over, but would be quite in line with the tendency of the new policies that have been developed by the federation for its members since the death of Samuel Gompers.

Although the federation has supported model plans for state old age pensions, it gives signs of increasing opposition to far-reaching schemes of paternalistic labor legislation on the European plan and centers its policies mainly on the principle of increased real wages and purchasing power for workers in proportion to increased productivity of industry, together with closer cooperation between labor unions and employers in securing greater efficiency of production.

British Unions Also Debate Socialization

By Special Cable to The Business Week

Discussions at the meeting of the Trade Union Congress in England this week have brought the unemployment insurance issue to the fore. The British unions are beginning to realize, as the A. F. of L. does more unconsciously, that the extension and triumph of state socialism means the end of old-fashioned trade unionism.

This realization has brought strong opposition to proposals for family allowances, and a split between those willing to see the functions of trade unions as benefit societies be absorbed by the state and those who want the unions to maintain their traditional character as mutual benefit organizations and defenders of labor interests in wage negotiations.

There is no sign, however, that British labor realizes that the unemployment insurance system has been converted into a state charity organization. The state insurance fund is bankrupt, and the drain on it this winter will compel either drastic revision of the doles paid or conditions of eligibility. The trade unions will probably resist such revision.

Mr. Ira P. Lamb is SOLD..!

914
Goodrich Silvertown

Another large operator tells why his entire fleet of trucks and trailers is now being changed over to Goodrich Heavy Duty Silvertowns.

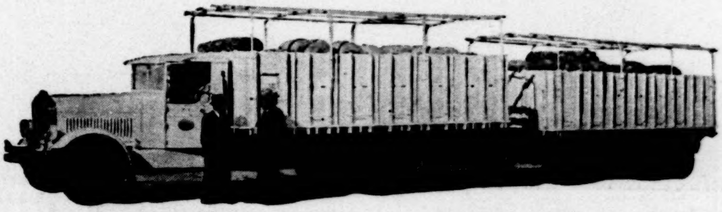
". . . we believe that for speed and long distance hauling, Goodrich Silvertowns give us the best service, more mileage, less repairs and delays, and incidentally, make the most money for us . . . and not the least is the service rendered by the company in back of them!"

In these words, Mr. Ira P. Lamb, prominent Los Angeles fleet operator, tells why he is *sold* on Goodrich.

Not only is Mr. Lamb sold on Silvertown quality—he is completely sold on the Goodrich idea of specialized truck tire service. For it is this new Goodrich Standardized Service program that has played such a definite part in the unusual results Mr. Lamb obtains from his Silvertowns.

Goodrich high quality, plus the varied experience and service of the Goodrich Distributor, are producing equally satisfactory results for both large and small truck operators.

The B. F. Goodrich Rubber Company, Established 1870, Akron, Ohio. Pacific Goodrich Rubber Company, Los Angeles, Calif. In Canada: Canadian Goodrich Company, Kitchener, Ont.



Part of Mr. Lamb's large fleet of trucks and trailers

Goodrich HEAVY DUTY Silvertowns

another B. F. Goodrich Product

***32,000 Different Rubber Articles,* representing more than a thousand distinct rubber products—Goodrich Silvertowns Zippers · Rubber Footwear · Drug Sundries · Soles · Heels · Hose · Belting · Packing · Molded and Hard Rubber Goods**

Briand Patiently Works Europe Toward a Home Market Club

THE open season for fishing for new political and economic alignments in Europe opens this week with the meeting of the Assembly of the League of Nations at Geneva. A fortnight later the Imperial Conference in London begins. Jolly, shrewd Briand has spread his nets of diplomatic verbiage and cast his flies during the past year to test out sentiment for his project for a United States of Europe. (*The Business Week*, Sept. 14, 1929.) He has had many good bites and expects to make a good haul at this session, though some countries are going to be difficult to land without further play. Italy and Germany are the hardest, and England will not be caught at all.

To Maintain Status Quo

The reason is that the Briand scheme is fairly well recognized in Europe as a diplomatic device whereby France hopes to cement firmly forever around Briand's cornerstone the territorial status quo fixed by the Peace Treaty—which has been growing somewhat shaky under increasing pressure from restless Germany for some readjustment of the Eastern frontier, and the sabre rattling of Italy for some more Adriatic and Balkan territory.

Nevertheless, it is clear that opinion, especially business opinion, has moved rapidly and strongly toward the idea of closer European unity since Briand laid his cornerstone a year ago and since the Hawley-Smoot Tariff threw Europe into a fit of panic and resentment. In the past month plans have been put forward from two other, non-official sources — the International Juridical Union, a group of statesmen, diplomats, and lawyers; and the European Customs Union, a group representing more largely commercial interests. These plans suggest modifications or concrete working out of the Briand idea along more definite lines, particularly with reference to the relation of a European combination to the League; but the central idea that Europe should get together in a systematic way to protect its interests against both the United States and the British Empire is at the bottom of it all.

First Step in East

The East European agricultural countries have taken the first definite step by setting up machinery for controlled exchange of agricultural and manufactured products between Roumania, Jugoslavia, and Hungary on the one hand and Germany, Austria, and Czechoslovakia on the other, with the underlying idea of holding the market for grain and other farm products against America and other foreign sources (*The Business Week*, Aug. 20, 1930). England has cut into this arrangement somewhat by her recent commercial treaty with Roumania providing for preferential exchange of agricultural and industrial products, but the tendency to displace American and Canadian farm imports in Europe is the same.

Russia is the unknown factor still to be dealt with in this set-up.

However Briand's Geneva party turns out this year, it is clear that bricks and mortar are being slowly but surely assembled to build something that, deliberately or otherwise, is bound to obstruct American trade expansion in Europe.

Changing Furniture

The Geneva meeting is an effort to set up for Europe on a large scale one of our favorite institutions—The Home Market Club. To accomplish this, something will have to be done about the old-fashioned furniture of fiscal policy—the most-favored-nation tariff agreements, especially the existing treaties of this kind with the United States. Recent developments indicate that ways have been found to throw these out of the window. The Roumanian-Jugoslav customs union referred to apparently just abolishes them by giving preferential rates on industrial products to countries who buy farm products from these two, but in this case also a cartel is set up to handle trade in farm products.

This promises to be the chief way of evading the most-favored-nation treaties.

If another country, like the United States, complains against preferential rates given to a third country, member of some new customs union, or under some new commercial agreement, the offender merely suspends all tariffs on

International News

ON THE LOOKOUT FOR TRADE

James A. Hewitt (left), manager of the British Co-operative Wholesale Society of Manchester, is greeted in Chicago by John F. Whitney, Cheese Corporation head. Hewitt is one of a delegation of three canvassing the United States for new outlets for British products. Another British trade mission is about to leave for the Orient. The Prince of Wales will be representative extraordinary to Argentina early in 1931 the commodity in question and puts all imports of it in the hands of a government bureau, which can so fix quotas, and buy and sell at such prices, as to eliminate any competitor it wishes. Germany has done this in the case of imports of butter from Finland. It's a new and important trick in the tariff situation.

Kreuger Interests Give I. T. & T. Stiffer Race

IVAR KREUGER, Sweden's match king, head of the far-flung Kreuger and Toll interests, has been made a director of the L. M. Ericsson Telephone Co., manufacturer of telephone equipment in 12 countries, holder of telephone concessions in 6 countries.

Vast amounts of American capital are invested in the aggressive Swedish Match Co. and affiliates. Important subsidiary is International Match Co., which operates in the United States. Kreuger has match monopolies in 12 countries.

Other American capital is less pleased with the new move. Ericsson is a growing competitor for American telephone interests. It has a record for economical and efficient service. Only San Francisco and Los Angeles have more telephones per capita than Stockholm. Ericsson began expansion in 1897. Today it owns and operates 17 manufacturing companies, of which 5 are in Sweden, and the remainder in Austria, Czechoslovakia, Estonia, France, Great Britain, Holland, Hungary, Italy, Poland, Roumania, and Spain. In addition the company has sales and finance companies in Sweden, Argentina, Australia, Brazil, Czechoslovakia, Denmark, Finland, Germany, India, Italy, Mexico, and Roumania. It operates telephone concessions in Argentina, Czechoslovakia, Italy, Mexico, Poland, and Turkey.

What this competition, now partly financed by American investments, means to this country's International Telephone & Telegraph Co. is evident. I. T. & T. holds telephone concessions in Argentina, southern Brazil, Uruguay, Chile, Peru, Cuba, Mexico, Spain, and for Stamboul, Turkey. Through its equipment manufacturing and sales unit—International Standard Electric Corp.—it operates in England, France, Belgium, Germany, Austria, Hungary, Czechoslovakia, Spain, China, and Japan. I. T. & T., in December, 1929, operated 585,000 telephones. In all Europe there are 9,600,000; in South America, 550,000 telephones.

These Circles tell a Magic Story

A—Center of Population of the United States
B—Corn Center of the United States
C—Oats Center of the United States
D—Wheat Center of the United States
E—Geographical Center of the United States
F—Cattle Center of the United States
G—Center of Farm Production of the United States
H—Lead and Zinc Center of the United States
I—Cotton Center of the United States

ONE naturally thinks of chemical industry as concerned with minerals and their treatment. Yet science goes much further today. Chemistry is utilizing every sort of raw material for new and better products.

Consider the lowly corn-cob. Until quite recently it had little use, except as fuel. Today it gives us "furfural", that strange, dynamic compound with a hundred uses. Some chemists turn it into high explosives. Others make from it the lacquer that coats our motor cars.

The corn center of all the nation is but a short distance from St. Louis. So, too, among other vital production centers, is the cotton center of America. Mark how, from one-time worthless cotton "linters", chemists have lately woven the romance of Rayon—the new silk-like fabric that all the world was seeking.

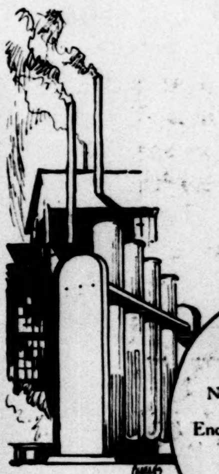
A nearby circle spots the wheat center of the country, another the oats center,—each with their vast possibilities in processed foods. Still others mark the cattle center, the lead and zinc centers, and the center of farm production. Just eastward is the national center of population.

What a strategic location for industry is this! Here, where such a wealth of resources and advantages augment the untold mineral treasures awaiting development!

St. Louis
National Center of Centers
Encircled by primary resources
Unlimited Chemical and Manufacturing Possibilities

Address Department C-5

The Industrial Bureau of the Industrial Club of St. Louis



MODERN BUSINESS

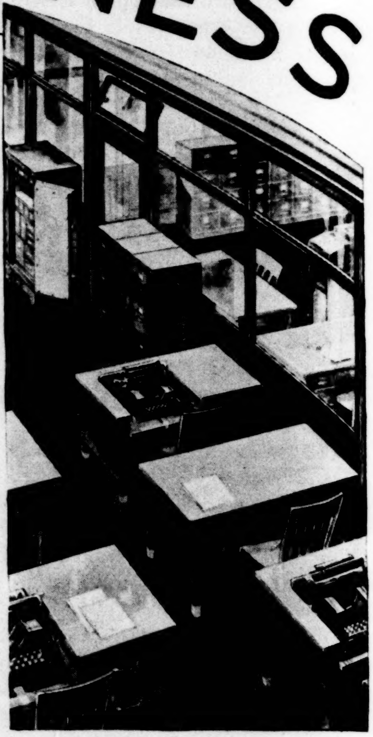
IN art, in architecture, in office and home furnishings — new artistry, new comfort and new materials are forcing out the old.

Take the office for example. First, came steel filing cabinets — more durable, more fireproof, easier to use and less expensive than the older files; then came steel safes, to guard valuable records.

Later, steel shelving became the accepted practice in modern offices — saving costs — speeding inventories and providing greater strength and salvage value.

Steel office furniture opened a new era. Desks, cabinets and chairs, ranging from the standard office patterns to those for executive use, remove once and for all the annoying problem of splinters which tear clothing, sticking drawers which waste time and temper—blemished surfaces which cost so much to refinish.

Steel furniture provides a permanence, utility and attractiveness which is its heritage from steel. The finish remains perfect; the drawers and doors move mutely at the touch of a fingertip. The smooth, clean corners delight executive and employee alike.



Nor is steel confined to these uses alone. Note the baseboards, mouldings, doors and partitions in modern buildings — they, too, are steel — beautiful, fire safe, requiring the very minimum of upkeep.

Thus, as business progresses, steel progresses. This is only logical, for steel replaces inflammable materials with a fire safe material—finishes that scar easily, with baked-on finishes that retain their original fresh appearance.

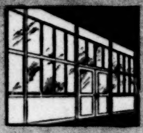
Add to this, the fact that a steel article can never warp, shrink, or splinter, and the reason for the ever-expanding use of steel products becomes easily understood.

For complete information regarding steel office furniture and equipment — or any other steel products, address Trade Research Division, National Association of Flat Rolled Steel Manufacturers, 511 Terminal Tower Building, Cleveland, Ohio.

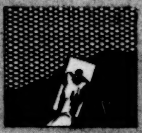
Saves with Steel

OFFICE FURNITURE AND EQUIPMENT

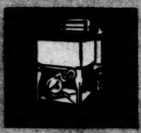
Steel Buildings
save money, construction costs and time. Incombustible, salvable and adaptable to all needs.



Steel Building Products
save fire loss, life, construction costs, time and labor.



Steel Lath
saves fire loss—redecorating expense. Provides greater beauty—eliminates cracks and lath streaks.



Pressed Steel
saves weight and machining expense. Reduces cost and breakage.

Steel Household Furniture and Equipment
saves housework. Beautiful, clean, sanitary, durable and modern.

Better Business First Care of New Argentine Government

Irigoyen's Downfall Largely Due to Blocking Economic Progress—Large American Interests Like Uriburu

"OPTIMISM for bright future business prevails in all circles. We believe the next 4 months will bring back normal conditions," says a cable from the Buenos Aires office of *Ingeneria Internacional,* New York engineering magazine. This belief is rapidly spreading in business circles. General Jose Francisco Uriburu's provisional government, brought into power when the Irigoyen régime was overthrown, is giving economic matters first attention.

Tangible evidences of confidence are appearing. Exchange, which sagged badly in the first days after the revolution, is recovering rapidly. Argentine securities have recovered in the last 3 days. Fourteen British and American banks have volunteered a short-term loan of nearly $37 millions to cover immediate financial needs. The loan was offered at 5% and the question of security was waived. The National City Bank of New York and the First National of Boston were participants.

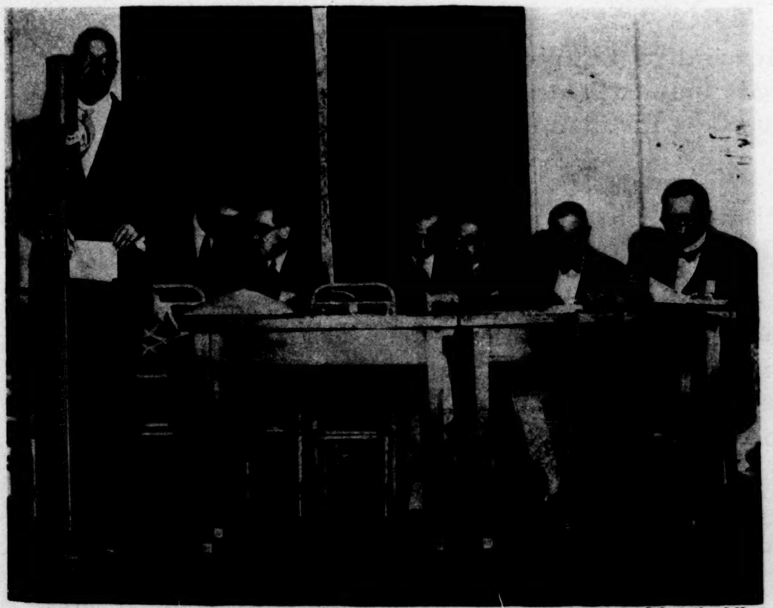
Prospects of unfavorable effects on Argentine business are rapidly disappearing. Prolonged or sanguinary counter-revolution is daily less probable. Policies as announced by the provisional government are not radical. Real cause of the revolution was dissatisfaction with the negative attitude of Irigoyen in his second term of office which began in 1928. Informed observers declare he was elected on the merits of his first term, that the Argentinians overlooked his ill health and old age. In office he stubbornly refused to delegate authority, was physically unable to handle the mass of detail required. As a result, progressive economic legislation was shelved, business stagnated. His party split and Parliament became deadlocked. Extreme nationalism hindered capital, particularly foreign, from effective entry into Argentine industry.

The provisional government promises immediate relief through temporary measures. Popular elections will be held as soon as the way can be prepared. Washington has been promised an ambassador as soon as the provisional government is recognized.

The United States has large interests in the Argentine. Total investments are estimated between $775 millions and $865 millions, all but about $40 millions made since 1918. Government bonds comprise $480 millions to $500 millions. Next largest field of American investment is in communications and transportation, $130 millions to $160 millions. American money made its first large scale entry into Argentine rails this year, a controlling interest in the Buenos Aires Central. I. T. & T. controls all American cables and various telephone concessions.

Swift and Armour have packing plants in the Argentine. From $25 millions to $35 millions is invested in oil; $75 millions to $90 millions in manufacturing; $60 millions in merchandising.

Argentina has suffered in the recent depression. During the first 6 months of this year our exports to the Argentine totaled only $71,516,000; were $108,111,000 in the first half of 1929. Our imports from Argentina dropped from $63,288,000 to $53,694,000.


International News

OPENING THE INTER-AMERICAN AGRICULTURAL CONFERENCE

Under-Secretary of State Cotton welcomes the delegates from Central and South America. Seated are Ambassador Tellez of Mexico, Secretary of Agriculture Hyde, Dr. D. H. Viteri, Minister from Ecuador, Dr. A. F. Woods, chairman, and Leon Estabrook, secretary

Record Coffee Cargoes Don't Mean Record Demand

DESPITE public interest in the fact that the Munson Line's *Southern Cross* carried the largest single coffee cargo to enter New York harbor since 1923 when she arrived on Sept. 2, coffee importers anticipate no unusual purchases this season. As is customary between August and November, wholesalers are replenishing stocks. Actually, buying in coffee futures on the New York Coffee & Sugar Exchange is slow.

Rumors that the Munson Line has booked heavy consignments for fall delivery are not confirmed by that company. When the *Western World* arrives from South America on Sept. 15, she will be carrying nearly 60,000 bags. After that, coffee will make up a diminishing share of South American cargoes. Largest consignments are to the Great Atlantic & Pacific Tea Co.

Latin America Bargains For More of Our Tade

DELEGATES from 17 of the 21 American nations attended at Sacramento, Calif., the first Pan-American Reciprocal Trade Conference. Canada, Santo Domingo, Paraguay and Uruguay were not represented. Discussions were frank.

Perhaps the greatest accomplishments

were the airing of trade grievances and the emphasis on the absolute necessity for reciprocal trade in any expansion program.

Cuba, with all of her eggs in the twin baskets of sugar and tobacco, opened the question of tobacco tariffs. Argentina pointed out that her export trade with American countries amounted to 15% of her total export trade, and came to $128 millions. Exports to the United States amount to $71 millions, or 8%. On the other hand, imports from American countries amount to 34½% of total imports, aggregate $229 millions. The United States supplies $155 millions, or 23.4%. And yet, new tariffs make it particularly difficult for Argentina to export hides, wool, and linseed to the United States. With New York the only open port for South American fruits because of quarantine restrictions, a plea was made for at least one open port for fruit shipments to the Pacific Coast.

Venezuela Discusses Credit

Venezuela claimed that poor credit arrangements and a lack of business houses and propaganda in that country were largely responsible for our small trade with that country. It was pointed out that there was no direct steamship line from California to Venezuela.

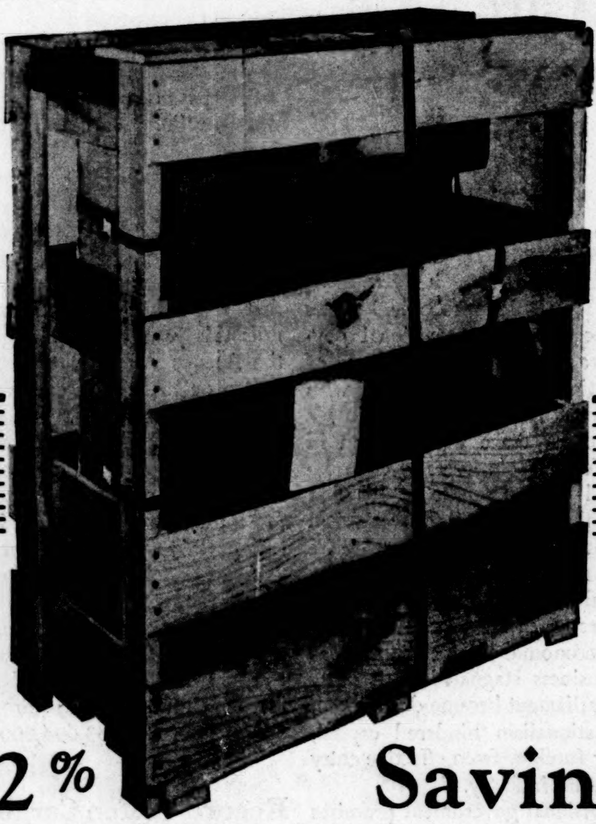
Adoption of the metric system was strongly recommended, or at least the marking of containers with the metric equivalents of the English weights.

Criticism was expressed of salesmen from the United States who spoke poor Spanish or none, and who had no knowledge of Spanish-American business and social customs.

Duty-Free Zones

Panama proposed the establishment of commercial zones, free of duty, in that republic. Her ambition is to become a central distributing agency for the American hemisphere and to attract a permanent exhibition of the products of all nations.

Bolivia startled mining interests and pleased Los Angeles business men with an unexpected proposal. Bolivia has a practical monopoly on tin in the Americas. Yet all of its ores are shipped to England for smelting and refining and the pure metal then shipped to the United States, the largest user of tin in the world for use in making tin plate. It was urged that tin smelters be erected in the United States, preferably in California, to take advantage of the shorter haul and consequent saving in freight rates.



SAVE
WITH
STEEL

42% Saving!

Acme Nailless Band
Cuts Shipping Costs

This crate, to carry a pump and its fittings, costs 43 cents less and is 22 pounds lighter than the crate formerly used by the manufacturer.

	Cost	Weight
Old crate	$1.01	43½ lbs.
New crate . . .	.58	21½ lbs.

Scientific redesign and the use of Acme Nailless Band made it possible to eliminate elaborate interior bracing and reduce lumber thickness throughout, and still have a stronger container than the old one.

We will gladly confer with any one whom you may delegate to this important factor in your business. Acme Steel Company, 2840 Archer Ave., Chicago.

36

1880 ACME STEEL COMPANY 1930
OUR GOLDEN ANNIVERSARY

Branches in Principal Cities.

Wide Reading

Cut Your Own Rent. Roswell Ward. *Nation*, Sept. 10. Housing as a profitable business versus cooperative housing. Urban trends.

This Frozen Food Business. Laurence Wray. *Electrical Merchandising*, September. What it is, where it is heading, and what it means to the electrical industry.

Why Kroger Is Selling Groceries in Sears, Roebuck Stores. Frederick Read. *Printers' Ink*, Sept. 4. Changing conditions in mail-order and chain-store competition.

Europe as a Market. Francis P. Miller and H. D. Hill. *Atlantic*, September. In the United States, at her present stage of economic development, tariff protection and prosperity do not necessarily go together.

Operating Stores on a Double Shift. Frank L. Hawkins. *Chain Store Age*, September. Experiences in stores which remain open in the evening.

The Product Needs Color. D. R. Dohner. *Product Engineering*, September. Westinghouse puts salability into its products with color.

Unemploymemt a World-Wide Problem. Nathan S. Fine. *Current History*, September. Causes of unemployment in 1930; data by countries and by years since 1926.

Ivar Kreuger Scans This Business World. Edwin Hill. *Forbes*, Sept. 1. The "match king" foresees an age of giant trusts which will be able to beat the tariff.

Largest Paper Mill in Asia. *Far Eastern Review* (Shanghai), July. Japan's Fuji Paper Co. merges and operates on Yankee large-scale basis.

Russia—Present and Future. *Living Age*, September. A London and a Viennese correspondent make shrewd observations on the Soviet system. Description of Five-Year Plan for business readers.

Morrow—a New Legend. Robert Cruise McManus. *North American Review*, September. Analysis by anecdote. Fresh; entertaining; revealing.

World's Biggest Corporation. *Fortune*. September. Stock, directors, traditions in A. T. & T.

BOOKS

Economics of Public Utilities. L. R. Nash. McGraw-Hill, 413 pp., $4. The public utility as a business. Capitalization, franchises, valuation, depreciation, service, rates, public relations.

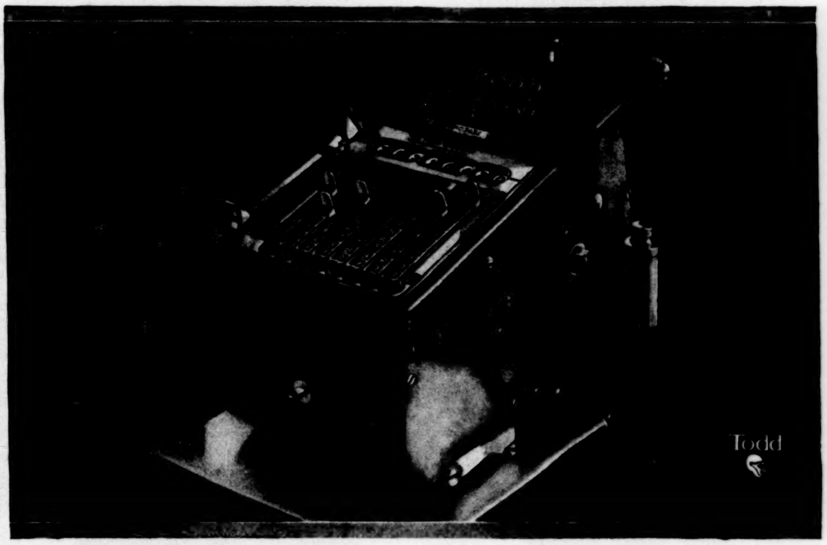
Skyways. William Mitchell. Lippincott, 314 pp., $3. Former commander of the air forces of the A. E. F. writes on modern aeronautics for the layman.

The National Income and Its Purchasing Power. Willford I. King. National Bureau of Economic Research, 394 pp. Continuation of previous studies with special study of that part of the income of investors which is derived from corporations.

Credits and Collections in Theory and Practice. Theodore N. Beckman. McGraw-Hill, 599 pp., $4. Economics of credit, practical credit departments, and collection methods. Questions and problems. New edition of a proved book.

THE CENTURY

SAVES DOLLARS AND CENTS IN WRITING DOLLARS AND CENTS!



The Century Protectograph will effect direct economies in your office by its speed, ease of operation and versatility. An experienced operator can write 1000 checks an hour—for miscellaneous amounts. Where amounts are repeated, still higher speeds can be attained by merely pulling the handle again and again.

The Century three-color keyboard is easy to read and operate. Keys move quickly, smoothly. Amounts set up are instantly visible on the dials at the top of the machine. The lever responds to a mere touch of the fingers. Simple accessories permit the writing of vouchers or checks in sheets quite as rapidly as single checks.

Progressive organizations, in this country and in 64 other nations, have made the Century standard office equipment. Fundamentally, for the protection it affords. For the economy of time and labor it makes possible. And for the distinction which its handsome two-color imprint adds to checks.

Phone the nearest Todd office for a demonstration. Or mail the coupon below. The Todd Company, *Protectograph Division*, Rochester, N. Y. *Sole makers of the Protectograph, the Todd Check Signer and Todd Greenbac Checks.*

9-30

THE TODD COMPANY, *Protectograph Division*
1124 University Avenue, Rochester, N. Y.
Please send me complete information about the Century Protectograph.

*Name*____________________

*Address*____________________

*Business*____________________

TODD SYSTEM OF CHECK PROTECTION

NEW YORK STATE . . . ALL YEAR VACATION-LAND . . . A GOOD PLACE TO WORK, AND A GOOD PLACE TO PLAY

If WIVES helped choose a Factory site

Home life is happy, children are healthy, in New York State. Wives enjoy living here.

For those who like the water there are beaches, lakes and rivers right at hand.

BEFORE a manufacturer builds a new plant he consults his architect, his lawyer, his banker. He ought to consult his wife, too. She will want to know:

How about schools and churches for my children? . . . Will my neighbors be intelligent, enlightened, stimulating people? . . . Is the community backward or advanced? . . . Does it have good-looking homes, beautiful parks and well-ordered institutions? . . . Will my children grow up in the right kind of atmosphere?

Those are some of the "woman reasons" why your plant should be in New York State. The "man reasons" are just as clear, especially in regard to industry's newer needs such as:

1. Lower cost of distribution

2. Lower cost of electricity

Your factory in the Niagara Hudson territory will enjoy electric rates far lower than the nation's average. In some cases, this is a huge advantage . . . in other cases, minor. In every case, it is a definite, calculable fact.

Marketing? Cheap marketing depends on nearness to your market. Here you are in the midstream of the world's greatest purchasing-power, and at the mouth of foreign markets everywhere.

There are other "man reasons" such as raw materials, capital, labor, etc. They are clearly set forth in the new 28-page booklet, "New York, the Great Industrial State." Send for a copy. Address Niagara Hudson Power Corporation, Industrial Development Bureau, Albany, N. Y. And if you then want your own case analyzed, you can command the services of the Bureau's engineers. They will attempt no persuasion beyond whatever facts their studies may unearth.

NIAGARA HUDSON

Hear Niagara Hudson broadcast fascinating stories of New York State. Every Thursday night, 7:30 - 8:00 (Eastern Daylight Time), WEAF, WGR, WGY, WSYR.

Write for our new book, describing the industrial territory served by Niagara Hudson Power Corporation, including among others the localities listed below:

ALBANY
ALBION
AMSTERDAM
ANTWERP
ATTICA
BALDWINSVILLE
BALLSTON
BATAVIA
BOONVILLE
BROCKPORT
BUFFALO
CANAJOHARIE
CANASTOTA
CANTON
CARTHAGE
COBLESKILL
CORTLAND
COHOES
DEPEW
DOLGEVILLE
DUNKIRK
E. SYRACUSE
FAIRPORT
FALCONER
FORT EDWARD
FORT PLAIN
FRANKFORT
FREDONIA
GENESEO
GLENS FALLS
GLOVERSVILLE
GOUVERNEUR
GOWANDA
GREEN ISLAND
GREENWICH
HAMBURG
HERKIMER
HOMER
HUDSON
HUDSON FALLS
ILION
JAMESTOWN
JOHNSTOWN
KENMORE
LACKAWANNA
LANCASTER
LEROY
LITTLE FALLS
LOWVILLE
LYONS
MALONE
MASSENA
MEDINA
MOHAWK
NEW YORK MILLS
NIAGARA FALLS
N. TONAWANDA
NORWOOD
OAKFIELD
OGDENSBURG
OLEAN
ONEIDA
OSWEGO
POTSDAM
PULASKI
RENSSELAER
ROME
ROTTERDAM
ST. JOHNSVILLE
SALAMANCA
SARATOGA SPRINGS
SCHENECTADY
SCOTIA
SKANEATELES
SOLVAY
SYRACUSE
TONAWANDA
TROY
UTICA
WATERFORD
WATERTOWN
WATERVLIET
WELLSVILLE
WESTFIELD
WHITEHALL
WHITESBORO
WILLIAMSVILLE

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

It is increasingly apparent that at least some degree of seasonal pickup is making itself felt in practically all countries. Although tangible evidence of actual improvement so far is lacking, business sentiment is distinctly freshening. Stock markets responded during the week to the new stimulus and there was a decided strengthening in all larger centers, particularly in London. It may be observed, however, that these stock market gains were achieved within narrow, chiefly professional, trading and that no small part was attributable to technical reaction from previous oversold conditions. There are, however, numerous reports of the relaxation of business tension from a state of near paralysis during the summer to still irregular trends varying according to country and industry, and even to individual enterprises within the same category. The improvement is still more notable by contrast with the preceding apathy than by any new-founded conclusion that business is turning a corner. Nevertheless, with a problematical winter ahead, even small gains during the fall will increase the ability of business to carry through to a broader basis for the revival expected in the spring.

Greater financial enterprise is also noticeable in most centers with the belief current that bond issues will soon be resumed. Six European investment banks have incorporated in Switzerland a fixed trust to be known as Société Internationale de Placements (SIP), and will issue their own collateral certificates covering selected securities in 10 countries. It is further proposed that an international mortgage bank, which will take advantage of low cost western European capital, be organized to operate in the high cost central eastern areas of the continent. This would assist towards a much needed redistribution of capital congestion along the seaboard, particularly in France.

By Special Cable to The Business Week

***Great Britain*—The** return of optimism noted in the last few weeks is visibly gaining strength, although actual evidence of improvement in trade is still slight. The iron and steel industry reports improvement, and there is increased demand for cotton. Hides and leather are also firmer but wool, jute, and manufactured goods remain quiet. Wheat prices fell sharply this week. Money is still easy. Government dividend disbursements of $45 millions have helped to bring the day-to-day loan rate to 1½%. Recent market optimism may have been stimulated by false deductions from the technical position of the stock market where rising stock values were misleading. Two factors are responsible: the recent action of the banks in refraining from forced selling of pawned securities; and the closing of the heavy bear position at the end of fortnightly trading on account of settling-up day, thus revealing a wider bear position than was expected. Nonetheless, both traders and stock brokers are happier now than for weeks and if the general public is tempted by rising market values to indulge in stock market trading, the secondary effect of the newly circulated funds may result in a general stiffening of consumption commodities and jerk home trade from its present stagnation. If technical covering by bears, on the other hand, does not attract public business, stock values may sag again and depression be restored and even augmented.

The coal trade is again becoming a center for business interest. A delegation of dealers is leaving London soon to stimulate Norwegian orders. An autumn rise in the domestic price has been announced and has stiffened the present demand. Coal owners met in London privately last week and discussed marketing schemes and wage arrangements under the terms of the new Coal Act. All schemes are modelled on lines approved by the government. By next month the British coal industry will thus have embarked on virtual revolution of its old organization with all collieries regulated to standard tonnage and quota. Following the reorganization of the railways, electricity, gas, and broadcasting industries, coal, henceforward, will be under state control. This reflects the rapid progress which Britain is making towards nationalization of its major industries. Under the new plan, industries are not controlled by state bureaucrats but by their own executives acting under state approval and veto. Miners' wages remain a snag, the owners insisting that with reduction of working hours, December wages must be adjusted downwards. Government departments are relying on new marketing schemes plus improved trade to make this unnecessary.

Following the decision of the trade unions, at their conference in Manchester, that free trade is no longer a rigid principle, and now that it is known that certain Liberal leaders favor import duties as a means of adjusting internal price levels, ex-Chancellor Churchill stated: "There is a measure of common agreement among all parties that the tariff for revenue on foreign imported manufactured goods is bound to come." This is significant of anticipated political compromise on the question.

Business cannot go forward with the usual confidence during the present uncertainty of fiscal policy and efforts are spreading to force either a realignment of parties on the fiscal question or to force a general election, the desire being not so much to have a Tory government as to have a government with full parliamentary power for 5 years. It is necessary for effective future planning that business know future taxation and import policy.

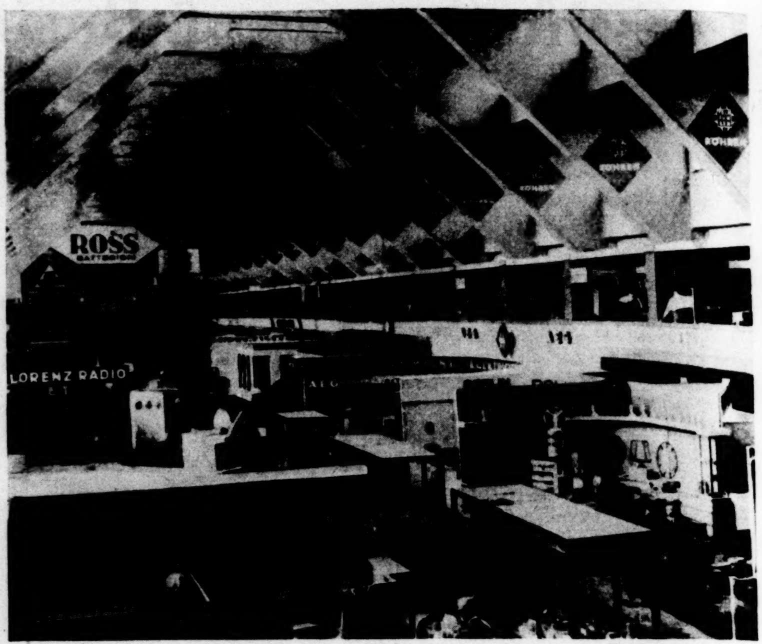
Decision of the eastern governments against rubber restriction is no surprise to London. The decision that economic law must stabilize prices is approved by the best minds in the rubber market but the new policy is bound to hit small producers and many small investors trapped into holdings by past booms. Rubber fell, on the announcement, to a new low level of 4⅛ pence a pound, losing 5/16 from the previous day, the largest decline in a single day for a long period.

By Special Cable to The Business Week

***France*—The** world-wide business depression continues to cause a persistent decline in foreign trade with production limited accordingly to the demands of the domestic market. National business, however, still views optimistically the coming fall seasonal pickup and general revival of activity throughout the world. Premier Tardieu is uneasy over the outcome of the budget appropriation because he is pledged not to demand new taxes or to increase existing rates. Expenditures already requested now exceed last year's outgo by $196 millions. After the annual congress in October of the Radical Socialists, strongest opposition, Tardieu is expected to try political conciliation with more than likely cabinet changes which may make it possible to form a new majority and force tax increases, now obviously inevitable.

Foreign trade figures for the first 7 months of the present year have been released, show that imports from Germany totaled $184 millions, an increase of $43 millions over the total for the first 7 months of 1929. From the United States, imports were valued at only $148 millions, a decrease of $22 millions from the 1929 record. Exports to Germany dropped $8 millions, to $103 millions; to the United States, they dropped $17 millions, the total value being only $58 millions. In the first 6 months of 1930, French automobile manufacturers exported 18,000 units valued at $23 millions; in the same period in 1929, 27,000 units, valued at $35 millions, were exported. The decrease chiefly affects passenger cars which showed a drop of $12 millions. Despite recent duty increases, imports through June are up $2 millions.

The Roubaix textile strikes are expected to end next week as a result of intervention by the Minister of Labor. The basis for agreement more or less meets the demands which have been made by the laborers, the employers having agreed to pay the total of the social insurance premiums after the worker has been employed for more than one year. Workers are jubilant; employers are alarmed over the effects on their industry of the 7-week strike.



Underwood & Underwood

GERMANY'S RADIO SHOW

A view of the main floor as the Radio and Phonograph Show opened in Berlin. As always, the exhibits are characterized by simple, modern arrangements

Reports now indicate that the wheat crop is below 6,500,000 metric tons. Other grain crops will show similar returns. Farmers have been warned by the Ministry of Agriculture to refrain from excessive offers in an effort to finance the crop, as such a move would provoke abnormal price falls.

Petroleum refinery programs multiply. It is now announced that the Société Franco-Americaine de Raffinage is forming a working group of French companies which are mainly supplied by the Standard Oil Company of New Jersey to build a 450-acre, $10-million refinery near Rouen, the eventual capacity of which will be 1 million tons annually.

By Special Cable to The Business Week

Germany—The approaching elections on Sept. 14 completely overshadow as well as hold current business in suspense. Internal schisms among extremist parties lessen earlier fears that the elections will strengthen the opposed Communistic and Nationalistic wings and the prospect of a deadlocked parliament which might result in the declaration of a dictatorship. Actually, the operating majority of the Bruening coalition of moderate parties is still distinctly uncertain. Business is puzzled in its attempts to reconcile conflicting electioneering optimisms with unchanged pessimistic reports from industry and the trades. The Institute of Business Research, in its current forecast, abandons all hope for a material fall pickup and stresses the unfavorable effect of deepening depression in neighboring European markets which normally consume large quantities of German exports. Similarly, despite the recent highly optimistic statement of the Finance Minister on the condition of federal finances, the institute prophesies this year's deficit will reach $140 millions.

Electioneering tactics are renewing the artificial government support of rye prices. Banks have been induced to advance a further $7 millions which makes possible continued price pegging at $49 a ton. The action is rendered difficult by heavy sales by farmers who apprehend politically motivated price stabilization will be discontinued after elections. A bumper potato crop is anticipated. Official estimates run as high as 50 million tons, while the average is 40 million. This has led to a demand from farmers for an extension of price pegging to cover the potato crop, especially since this record crop coincides with excessive accumulated stocks of the federal alcohol monopoly (potatoes are the main raw material for alcohol in Europe).

While the government campaign for price reduction shows moderate results, certain commodities of secondary importance, including branded foodstuffs, and the basic cartellised industries including coal and steel, obstinately oppose substantial price cuts. The situation is aggravated by the government arbitrators' award in the wage dispute in the Ruhr coal industry which prolongs until December 31 the wage agreement which mine owners were determined to renounce on October 1 with the purpose of downward revision. Mine owners allege that this precluded radical price cut in the near future forces a further reduction of output and dismissal of miners now working on short time. At the same time, the collapse of the continental steel cartel's price control scheme makes increasingly difficult the defense of the German title to a monopoly of the domestic market, especially against Belgium. Although market allocation agreements protecting against an invasion of French, Polish, and Czechoslovakian steels remain in effect, there is no similar agreement with Belgium where prices are 20% lower. As an example, bars f.o.b. Antwerp sell at $20 a ton, and cost only $26 a ton in western Germany after duty is paid. The German cartel price is $34. Next most important business development in prospect is the collapse of the heretofore rigid maintenance of German cartellised coal and iron and steel prices contrary to reductions in every other market.

By Special Cable to The Business Week

Belgium—Slow business conditions continued through August; but there was a definite upward trend in retail trade in early September and some improvement on the stock exchange, both of which factors create optimism. Metallurgical prices have strengthened, and demand has been renewed of late, particularly for export. The industrial coal situation remains unfavorable and stocks continue to increase despite restricted production, but demand for household grades is holding up satisfactorily and prices are firm. German-British competition is strong, and the outlook for the industry is only mediocre despite the more optimistic outlook among the consuming industries.

Completion of the Fourcault combine improves the cutlook in the window glass industry, but production is still extremely low. Plate glass production is also low and producers are reported dissatisfied with the operation of the plate glass cartel. Certain producers are discussing installation of a continuous polishing and grinding process which would upset production quotas. The textile situation is weak and one or two small failures are expected, though the large firms are in a sound position.

Tax returns are slow. Collections for the first 7 months of the current year total francs 4,221 millions. This means a deficit to date of francs 661 millions.

By Special Cable to The Business Week

Italy—A limited seasonal business pickup has set in and trading on the stock exchange has become slightly more active. It is reported that a bank consortium, headed by Banca Commerciale, is systematically supporting the market in an effort to induce public buying of securities, thus permitting banks to realize on industrial shares and frozen assets. Banca d'America e d'Italia has absorbed the British-formed Banca Italo-Brittanica with its 7 Italian branches. As a result of the appointment of Ambassador Fletcher, Italy has larger hopes of benefiting under the flexible provisions of the tariff and considers reducing recent troublesome duties placed particularly on American automobile imports. The Isotta-Ford deal is completed and the contract definitely signed in every particular. Mr. Cella, the manager in Italy, is now preparing to purchase a site for the plant.

Budget results in the first month of the new fiscal year show a deficit of $6,470,000, most of which is attributed to heavy public works expenditures and reclamation in the earthquake area. Revenue from the tobacco tax, which amounted to $1,736,000, has been diverted to the amortization of the national debt. Tobacco prices were increased recently for this purpose.

Wheat imports in August climbed to 121,195 tons, which contrasts with imports in August a year ago of 43,286. Electric power output in the first 7 months of the present year totaled 5,795 million kw., and compares with 5,568 million a year ago.

LATIN AMERICA

Despite hurricanes and revolution, general business sentiment is turning more optimistic over the economic outlook in Latin countries. Any sanguinary counter-revolution in Argentina is doubtful The new cabinet which surrounds General Uriburu is composed of men of considerable standing in the business as well as the political world. With the country in a generally sound economic position, and the possibility that heaped up commercial legislation will be exposed to a Congress likely soon to be elected by popular vote and expected to possess a working majority, sentiment in the American business group in particular is turning optimistic. Beyond a temporary lull, economic activity is expected to proceed more or less automatically with a return to normalcy within the next four months.

In Peru the immediate outlook is less hopeful. Reserve is due, not so much to a fear of counter revolution, as to the belief that the national budget, present and future, is as burdened as international bankers are willing that it be. Public works nearing completion probably will be contiued, but expensive projects scarcely under way are likely to suffer complete curtailment. New York critics are inclined to believe that existing investments are reasonably safe but that the country will not soon attract much additional foreign capital

Rumors of brewing revolution in Bolivia, Brazil, and Cuba are not taken too seriously, though an outbreak in any of these countries would surprise few.

In Colombia, Congress this week approved a law authorizing the government to negotiate loans up to $30 millions in the United States and to lend specified sums to Colombian banks.

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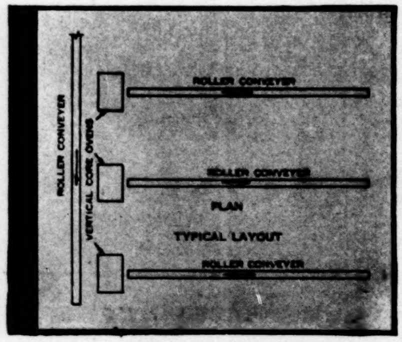

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What the Figures Show

THE underlying trend toward business recovery has been confused by the more marked effect this year of the Labor Day holiday during the last week of August and the first of September, as well as by the increased irregularity of movement of some business indicators usual around the bottom of a depression. Basic industrial activity and primary distribution as well as some branches of general trade continue the improvement in evidence during the past month, but a tendency to curtail plant operation in some lines and to defer business commitments during the fortnight including Labor Day are reflected in irregularity of electric power production and contraction of check payments. Similar influences are evident in the uncertain movements of commodity prices, although it is clear that the general decline has been checked. Bank credit expansion has been resumed, but as yet at a rate below the seasonal expectations and the requirements of a critical business situation.

	Latest Week	*Preceding Week*	*Year Ago*
THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*83.5	†86.8	106.6
Production			
Steel Mill Operation (% capacity)	56	58	86
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$12,887	$13,481	$18,453
Bituminous Coal (daily average, 1,000 tons)	*1,509	†1,416	1,805
Petroleum (daily average, 1,000 bbls.)	2,437	2,461	2,956
Total Electric Power (millions K. W. H.)	*1,735	†1,830	1,780
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	164	157	194
Check Payments (outside N. Y. City, millions)	$4,285	$4,275	$5,539
Money in Circulation (daily average, millions)	$4,529	$4,486	$4,841
Wheat Receipts (1,000 bushels)	13,494	17,665	13,587
Cotton Receipts (1,000 bales)	355	311	356
Cattle Receipts (1,000 head)	*210	†197	205
Hog Receipts (1,000 head)	*349	†414	443
Wool Receipts (1,000 lbs.)	2,363	14,394	6,565
Prices (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$0.79	$0.83	$1.25
Cotton (middling, New York, lb.)	$0.115	$0.116	$0.193
Iron and Steel (composite, ton)	$32.68	$32.78	$36.52
Copper (electrolytic, lb.)	$0.106	$0.107	$0.178
All Commodities (Fisher's Index, 1926-100)	83.5	83.3	96.3
Finance			
Total Loans and Discounts, Federal Reserve reporting member banks (millions)	$16,830	$16,793	$17,150
Commercial Loans, Federal Reserve reporting member banks (millions)	$8,446	$8,416	$9,518
Brokers' Loans, New York Federal Reserve member banks (millions)	$3,143	$3,110	$6,474
Federal Reserve System Ratio	81.3	80.8	73.7
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	8,099	8,843	22,412
Stock Prices (N. Y. Times, average 50 stocks)	$202.04	$200.24	$303.79
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$37,967	$42,520	$43,506
Bond Prices (Dow, Jones, average 40 bonds)	$97.22	$97.02	$92.34
Interest Rates—Call Loans (daily average)	2.3%	2.0%	9.0%
Interest Rates—Time Loans (daily average)	2½-2¾%	2½-2⅝%	8¾-9%
Business Failures (Dun, number)	336	471	300

***Preliminary** **†Revised**

Business Activity Index

The Business Week's preliminary index of the volume of general business activity for the week ended September 6, which included Labor Day, fell further to 83.5% of normal as compared with the revised figure of 86.8% for the preceding week and 106.6% for the corresponding week last year. This decline brings the index to the lowest level so far. It is the result chiefly of a persistently low level of bank debits for the season and of a somewhat more than seasonal decline in building contracting.

The position of steel activity is confused by an increasing diversity of evidence and trade opinion. All that can be said with certainty is that steel ingot production is being maintained, though steel demand shows no marked expansion. The Dow, Jones estimates, here used, indicate a decline in ingot production for the Labor Day week from 57½% of capacity to 56%, reflecting a drop in Steel Corporation activity from 65% to 63% and no marked change in independent operations at 51%. Our index, based on these estimates (which presumably allow for the effect of the holiday) and adjusted for seasonal changes and year-to-year growth, declined from 84.2% of normal to 81.4%, about the same level as in the second week of August. Despite an increase of 5.5% in tonnage, it is probable that there was little actual change in the rate of steel ingot production during August as compared with July and that the apparent decline for the latest week is only a circumstantial postponement of the seasonal increase usual during September and forecast in the trade some time ago.

The curtailment of pig iron production by 4.6% during August apparently continues by withdrawal of four additional blast furnaces so far in September. Automobile demand for steel is not hopeful, but railroad requirements show signs of increasing, structural steel demand continues at about the average level for the year and there is some expansion in miscellaneous orders. Finished steel prices show little change, but the scrap market continues strong, with a further increase this week. The Steel Corporation's unfilled orders as of the end of August declined 441,851 tons, which is somewhat more than was looked for but is without special significance.

Building Contracts

Building contracts continue to decline somewhat more rapidly than is usual at this season. The daily rate during the first few days of September was below the average for August or last September and may have been influenced by the holiday factor. The four weeks' daily average based on Dodge figures is now at approximately the level of the beginning of March. Our index, based on this average and adjusted for seasonal fluctuations and year-to-year growth, declined from 72.2% of normal to 68.8%. Heavy construction awards made a somewhat better showing for the week ended September 11, with a figure above the preceding week and not far below the corresponding week last year.

Coal Production

Bituminous coal production continues to increase as is usual at this season, but at somewhat more than the seasonal rate. The current level, however, is still far below that of the past three years. Our index, adjusted for seasonal fluctuations and year-to-year growth, rose from 69.1% of normal to 72.7% for the last week of August. This is the highest level since the beginning of June. Crude oil production continued to decline.

Electric power production, after allowance for the holiday, showed a relative improvement over recent weeks. The latest week's output was 2.5% below the week last year, a somewhat smaller deficit than in the past four weeks. The drop for the Labor Day week as compared with the preceding week was smaller this year than in the same period of 1928 and 1929. Our index, adjusted for holidays, seasonal fluctuations and year-to-year growth, rose from 97% of normal to 98.9%, which is highest since the first week of August.

Commodity prices have shown no consistent change this week but were on the whole steadier and support the view that the bottom is hereabout. Wheat prices moved within a narrow range during the week, with little marked change in face of the September crop report. Cotton, temporarily depressed by the September report, has recovered under pressure of improved export and domestic trade buying. The non-ferrous metals were fairly steady during the week, with some strengthening in tin. Rubber prices were sharply depressed by collapse of hopes of production control plans. The iron and steel composite declined slightly.

The irregularity of price movements characteristic of the turn is evident in the general commodity indexes. The Fisher Index rose for the second consecutive week while the National Fertilizer Association's index showed further fractional decline.

The general trade indicators, though irregular, may be considered encouraging when the uncertain influence of the holiday is taken into consideration. Carloadings rose for the third consecutive week, following the usual seasonal movement, and reached the highest level for the year so far. The deficit below last year, 15.2%, was smallest for the past six weeks. Non-bulk carloadings, which are looked to for a clue as to wholesale trade tendencies, rose fairly sharply in close parallel with the movement during the past two years, but are still 15.2% below 1929. Our index of this group, adjusted for seasonal fluctuations and year-to-year growth, rose from 83.6% of normal to 84.8%, which is highest since the end of July.

Money Turnover

Money turnover as measured by check payments for the week ended September 3 apparently reflects the influence of the holiday and slack financial activity. Bank debits outside New York rose slightly over the preceding week but in the 131 cities exclusive of financial centers they were slightly lower, and the deficit below last year was larger than in the past three weeks. Our index, adjusted for changes in the general price level, seasonal fluctuations and year-to-year growth, and based on a two weeks' average, declined from 90.1% of normal to 83.4%, the lowest level so far this year.

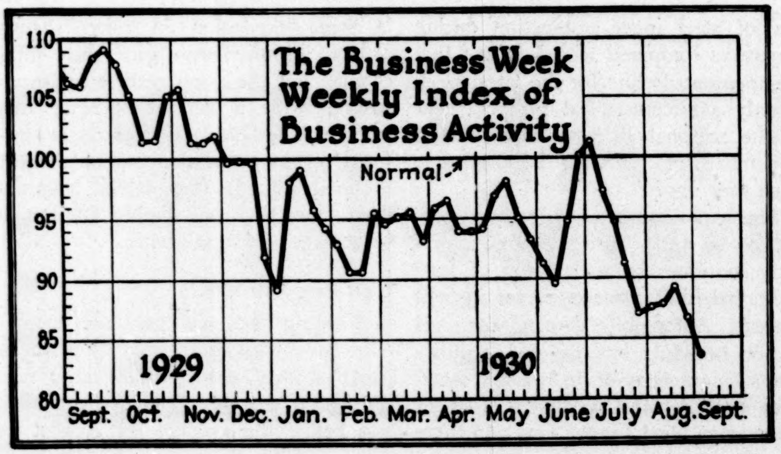
The Business Week's weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week*, May 7, 1930, p. 39.

Commercial loans of reporting member banks rose for the latest week in response to the usual seasonal movement, but the increase was smaller than the decline in the preceding week. Our index, adjusted for seasonal fluctuations, year-to-year growth and changes in wholesale prices, declined slightly further from 102.5% of normal to 102.1%.

The average amount of currency in circulation shows steady increase from week to week, reflecting some improvement in wage payrolls and retail trade. Our index adjusted for price changes, seasonal fluctuations and year-to-year growth, rose further from 100.8% of normal to 101%.

The number of commercial failures declined, as usual, to the lowest level for the year and was not far above the preceding two years.

Total loans and investments of weekly reporting member banks rose for the week but still show a somewhat smaller increase over last year than in the past few weeks. Our index of bank credit expansion, based on these figures, adjusted for seasonal fluctuations, normal growth and changes in the general price level, declined for the latest week but is still 5.4% above normal.



Money and the Market

STOCKS pushed higher this week, still largely on the basis of hopes with each additional point of gain fought for against the profit-takers. Sentiment among those who buy and sell stocks is better than it has been for some time, even after discounting what has been obviously "engineered." The dearth of actual indications of betterment is not a complete deterrent.

Many leading issues, especially in the industrial groups, this week broke through resistance levels four times previously "established" and into the highest quotations since mid-June. Sniping in the form of profit-taking and liquidation made movements in this territory very irregular. The utility shares only equaled their July highs, while rail issues remained well below theirs. The numerous and complex problems of the carriers make them less resilient, while a lower yield impedes utilities.

Trading Increased

Volume of trading increased slightly this week in stocks and also in bonds. This may be because more individuals are taking a position in the market after the holidays, or it may indicate slightly larger speculative interest. Much of the irregularity during the latter part of the week was due to the government crop reports.

Bonds, like stocks, went slightly higher this week, reaching practically to the highs of 1927, the last easy money period, but they found the going hard. Toward the end of the week the bond averages lost much of their gains. The Argentine coup added further uncertainty to the already unsettled Latin American section of the list. Argentine issues showed strength with later news.

The money market, by remaining dull and easy, reflected the slowness of business and made more obvious the fact that the advances in stocks are based on hope and expectation of better things rather than their materialization. Short money rates have not yet reflected any fall increase in activity. Commercial paper remains at 3@3½% with small volume, and the quantity of bills in the market continues to be discouragingly small. The rate is unchanged at 2@1⅞% for near maturities.

Treasury Operations

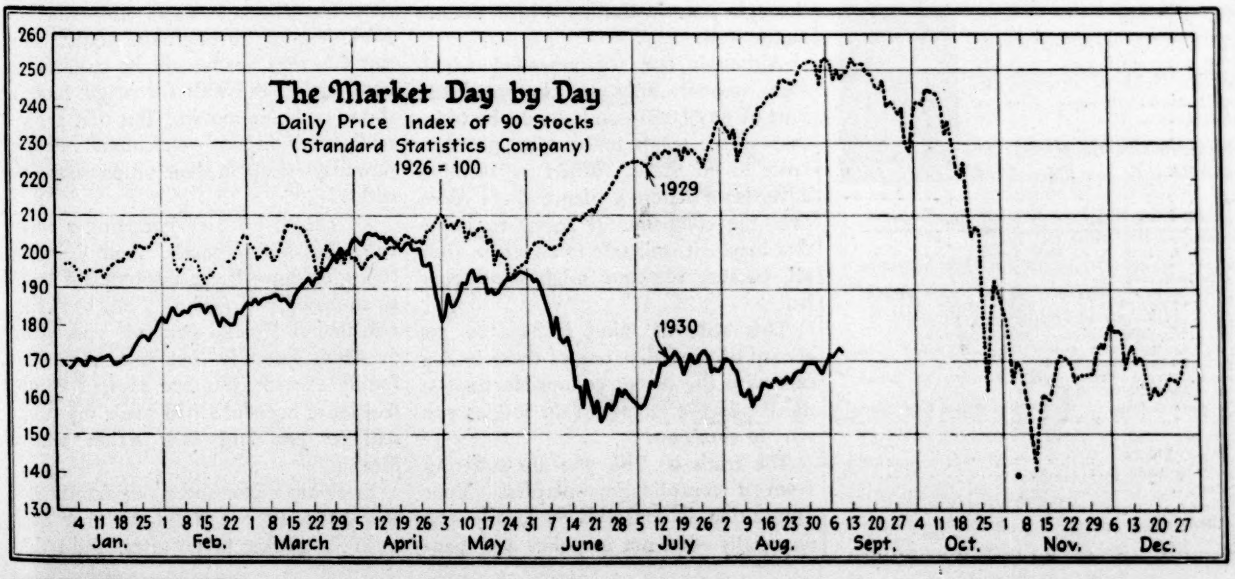
Treasury operations featured money this week. Certificates totaling $325 millions were offered at 2⅞%. Subscriptions totaling $1,235 millions poured in, despite the fact that the rate was the lowest ever put on fixed-interest-bearing securities of this type by the government. The Treasury also issued a redemption call for $1,149 millions of 3½% Treasury notes due March 15, 1931. This is the first of the large refunding operations expected by the Treasury in 1931-33 due to large maturities. The current low short money rates and the popularity of governments will enable Secretary Mellon to save considerable money for interest payments.

The Dallas Federal Reserve Bank cut its discount rate to 3½% from 4%. Minneapolis is the only Reserve institution now charging 4%. All the rest charge 3½% excepting Boston at 3% and New York at 2½%.

The Reserve system continued its do-nothing policy of recent weeks, and the volume of Reserve credit outstanding declined. The drop was due primarily to a sharp reduction in discounts by member banks after the temporary currency demand occasioned by the Labor Day holiday. The Reserve officials bought bills halfheartedly but did not offset the decline in discounts. Member bank credit increased a little, and is highest since July 30.

Foreign exchange declined a little from last week but, as a whole, was firmer and the declines were smaller. Francs now are well below the gold point, at .0392¾¢ as compared with the level of about .0393½¢ at which gold moved to Paris. Sterling now is around $4.86¼ compared with fractionally better than $4.87 two weeks ago, and marks are lower. The Spanish government started another move to stabilize the peseta.

THE majority of stocks were lower Sept. 2 than at the first of the year, but there were about as many increases as declines from the preceding month, according to *The Business Week's* monthly test of movements of active stocks. Of about 700 issues traded on the New York Stock Exchange, Jan. 2, 39.7% were higher, 58.4% were lower and 1.9% were unchanged on Sept. 2. Compared with August 1, 44% were higher, 46.6% were lower and 9.4% were unchanged.



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The Dublin Letters

To Mr. William W. Farren, President, Perkins-Thurlow Textiles, Positively Terminating a Business Relationship

Office of James W. Dublin
New York
March, 1928

Dear Bill:

Your friendly letter saying we must keep on handling your account is before me. I appreciate your personal sentiment and good-will. You embarrass me with kind words and make it tougher than ever for me to plough the straight furrow of my convictions in this situation.

My previous letter to you did not give you the whole works: I refrained in order to save time, typewriting, and acrimony. There are more and bigger issues involved than I set forth originally and here are some of them—naked and without preamble.

You perhaps realize that when an agency gets an account the advertiser and the agency are then mentally manacled to each other. If they enjoy a harmonious agreement they march off in step and go where there's some profitable business and the relationship is so reasonably happy that the handcuffs are not noitced. But, if they can't agree, they pull and tug in opposite directions and get nothing but the unhappy exercise of dragging each other around the back-yard.

I think Perkins-Thurlow and Dublin have pulled and tugged long enough and we ought to quit it.

It may be that temperamentally you may never be an advertiser. There is a sort of wise-guy timidity running through your institution which doesn't augur well.

Although our recommended schedules amount only to the moderate sum of $117,000—and should be twice that—there seems to be a soggy reluctance to go ahead. When we mention advertising action a silence shuts down over the company. It seems to imply that maybe it isn't safe to advertise after all, because someone might steal your bait.

This state of mind is hard to get aboard of. It is like one of those trolley cars with the patent collapsible steps—the conductor pulls 'em up just as you start to climb on.

The truth is, Bill, you are suffering from a consolidation perplex. Your proposition is consolidated legally and financially—but not in policy and management. Your big job is to get some centralized merchandising mucilage poured into the works, so that the consolidation is actually a *consolidation*—and not a lot of separate mills still going their own sweet, pre-war individual ways.

Probably you would admit this to me confidentially if we were huddled in our old confidential and by-gone corner at Sherry's when we told each other *everything*.

Your marketing vision still sticks close to the factory agent and the jobber. It is so steeped in distributing tradition that it is only with the utmost effort that we can get your selling crowd to admit that a great public of housewives exists *and that really you can make an appeal to them.*

Take sheets for example. We made at least a dozen different dummies of boxes for the new line of "Hostess Guest Sheets." We definitely outlined the possibilities of distribution—*and especially new channels of distribution*—on this top quality packaged item. We finally reached an agreement on the package—and it was beautiful, too, and inexpensive to make. We laid out an introductory trade-program with the advertising—both consumer and trade—to tie in with it. We got everything all set to go.

Why didn't we go? Because nobody in Perkins-Thurlow Textiles *actually believes that people use sheets.* You believe the factory agents and jobbers use sheets in large quantities and somehow work 'em off through the trade. Presumably they are bought by children to hang up on the wall for magic lantern shows or home movies. But that people really sleep in 'em—ridiculous! People nowadays sleep in their union suits and socks.

Of course I am exaggerating a little, Bill. But not so much. And I'm only trying to shove home a splinter of truth so someone will *feel* it. I am so desperate that if I could persuade your gang to admit honestly that each American family owned even *one sheet* I would feel more hopeful I had made my point real to you and that action would prevail.

Even on a one sheet per family per year basis no one could say that here wasn't a market to go after. And that the next question therefore is: "Whose sheets are these folks going to sleep in —*ours* or the other guy's?" There's nothing intricate about that line of reasoning, is there?

Yet, when the Dublin Agency recommends talking to women about "Hostess Guest Sheets" your boys act as if we are trying to re-sell 'em on a new version of writing a letter to Santa Claus. They just have no faith at all that anything would be dropped down the chimney in response to their appeal. I have been an advertising missionary for two decades and have made a lot of converts. But your bunch is the damnedest collection of atheists on the American public I've ever stacked up against.

Oh, Bill, what a small insignificant seed of faith will do! And what you *can't* do without it! Can't you even trust American women to the extent of favoring your good honest sheets if you tell them you have good honest sheets to sell? This country is in a bad way if you can't answer in the affirmative. When our women cease to know values in sheets we are liable to have a complete breakdown of our whole American civilization.

As a matter of fact, they know more about sheets than you do, Bill, and you're a sheet magnate.

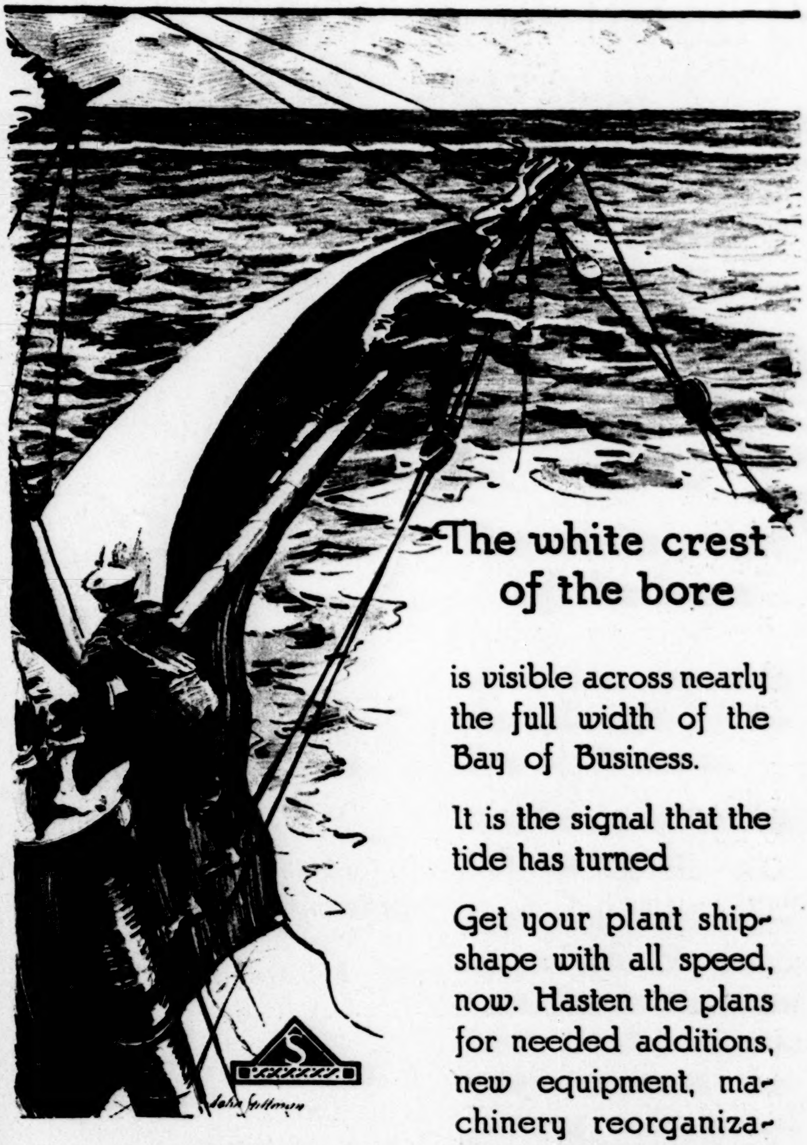
Last week Mr. Clement remarked to Ben Frost that all the recommendations we had made were getting out-of-date and that Perkins-Thurlow needed a new set of suggestions. Out-of-date! Why, you haven't even caught up with our ideas yet.

Just go to the sales division some time and dig up the 3, 4, or 6 or 10 portfolios of material we prepared for you. Look 'em over. If they're no use to you give 'em back to me, because they've got everything in 'em including the answer of what to do with Muscle Shoals. That's how comprehensive those recommendations are.

Does this make the Dublin Agency position any clearer? Won't you please understand that we are getting off the merry-go-round, not because we don't like to ride but because we're so dizzy we just can't hang on any more?

Please also consider that the Dublin Agency is at your disposal until any date you may set pending your selection of anothere agency. In humbly retiring from the Perkins-Thurlow picture let me give you my deepest thanks and my never wavering regards. Let's have lunch one of these days and hatch out a good laugh.

Yours,
JIM.



The white crest of the bore

is visible across nearly the full width of the Bay of Business.

It is the signal that the tide has turned

Get your plant shipshape with all speed, now. Hasten the plans for needed additions, new equipment, machinery reorganizations, so that when the signal comes you will leave a wake of profit.

Soon you may have to issue the command, "Full sail! Full speed!" But now look to your ship, the tide has turned.

Textile Mills
Reorganizations
Warehouses
Surveys
Rayon Plants
Tobacco Factories
Steam Plants
Examinations
Water Supplies
General Industrial Plants
Production Studies
Hydro-Electric Systems
Appraisals
Sanitary Engineering
Power Application & Lighting

J. E. SIRRINE & COMPANY
Engineers
Greenville South Carolina

THE BUSINESS WEEK
The Journal of Business News and Interpretation

September 17, 1930

Now

WAS that hard bump at the end of July, and the second bounce at the end of August, the Bottom? In six months or less we shall *know* whether it *was:* Business will *determine* here and now whether it *is.* The issue will be decided not by the answer to an academic question; but by the outcome of concrete action. Spirited and energetic effort will swing business into open water now, or leave it where it is. to sink further into the mud.

Business is merely the profitable exchange of goods and services. Tariffs, governmental policies, revolutions, natural catastrophes affect it, but they are not decisive. The decisive factors now are two.

One—the handling of credit by banking authorities—is mechanical. It governs the *medium* of exchange. Business at large can do nothing about that but pray for more energy, initiative, imagination, discretion in our financial leadership.

The other is psychological. It concerns the *will* to exchange, which depends upon the energy, initiative, insight, and foresight of the 50,000 or so individual business men who move the wheels of industry and trade. What can they do at this critical juncture? Four simple, sensible things:

First, put to work some of the corporate surpluses and idle funds that have accumulated in time deposits and even in savings banks, or borrow some of them if necessary, to replenish stocks and lay in at least a year's supplies of materials. Prices are now lowest in years, in most cases below the current or prospective cost of production. They are not likely now to go lower. If they do, any loss will be temporary, offset by rising volume of business or higher prices later. Commodity stocks look large, but are not generally excessive considering normal world requirements and current curtailment of output. Retail stocks are below the purchasing standards as well as the purchasing power of consumers.

Second, use idle capital, or borrow it, to cut costs without reducing wages, by re-equipment and replacement of obsolescent machinery. Industrial capacity is large, but efficiency is low. Intensive cost and quality competition, at home and abroad, is inevitable, to expand market demand. Planned cost reduction without wage deflation at this stage is necessary to maintain profit margins, support high capitalization, and maintain market buying power.

Third, improve the product or reduce the price, not to under-cut the market but to pass on to the consumer part of the benefits of lower material and production costs. Standards of living are not going to be forced down or consumer psychology fundamentally altered by any depression that we have so far seen or can afford to see. Consumer purchasing power, reduced or held back, will still, and more than ever, go to the best product at the lowest price.

Fourth, use idle capital, or borrow it, to improve distribution facilities and intensify market appeal by studying consumer wants and sharp-shooting them with sustained, concentrated salesmanship. Buying *power* is large, but buying *disposition* is slack and selective. Business in the United States at 85% of normal is still greater than that in all the rest of the world together. The way to get your share of it is to call in the squads of asthmatic depression dimes and replace them with battalions of vigorous advertising dollars. The time to step out for sales is when business seems all in.

On another page of this issue we record signs that shrewd management in many lines is beginning to do these things. More must, now, if real business recovery this fall is not to go by default.

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